

April 3, 1968

CONGRESSIONAL RECORD — SENATE

S 3803

filled the letter and spirit of these new provisions.

Congress directed that the Food for Freedom program should encourage international trade.

—In 1967 world trade in agricultural products reached an all-time high of \$33.9 billion, nearly 20 percent higher than in 1966.

Congress directed that the Food for Freedom program should encourage an expansion of export markets for our own agricultural commodities.

—In the past two years, this nation has enjoyed unparalleled prosperity in agricultural exports. Since 1960 our agricultural exports have grown from \$3.2 billion to \$5.2 billion—a gain of 62 percent.

Congress directed that we should continue to use our abundance to wage an unrelenting war on hunger and malnutrition.

—During 1967 we dispatched more than 15 million metric tons of food to wage the war on hunger—the equivalent of 10 pounds of food for every member of the human race.

Congress determined that our Food for Freedom program should encourage general economic progress in the developing countries.

—Our food aid has helped Israel, Taiwan, the Philippines, and Korea build a solid record of economic achievement. With our help, these nations have now moved into the commercial market, just as Japan, Italy, Spain and others before them.

Congress determined that our food aid should help first and foremost those countries that help themselves.

—Every one of our 39 food aid agreements in 1967 committed the receiving country to a far-reaching program of agricultural self-help. Many of these programs are already bringing record results.

Congress directed that we should move as rapidly as possible from sales for foreign currency to sales for dollars.

—Of the 22 countries participating in the Food for Freedom program in 1967, only four had no dollar payment provision. Last year, six countries moved to payments in dollars or convertible local currencies.

Congress directed that we should use Food for Freedom to promote the foreign policy of the United States.

Statistics alone cannot measure how Food for Freedom has furthered America's goals in the world. Its real victories lie in the minds of millions who now know that America cares. Hope is alive. Food for Freedom gives men an alternative to despair.

Last year was a record year in world farm output. With reasonable weather, 1968 can be even better. New agricultural technology is spreading rapidly in the developed countries. New cereal varieties are bringing unexpectedly high yields in the developing lands. An agricultural revolution is in the making.

This report shows clearly how much we have contributed to that revolution in the past year. But the breakthrough is only beginning. The pride in accom-

plishments today will seem small beside the progress we can make tomorrow.

LYNDON B. JOHNSON.
THE WHITE HOUSE, April 3, 1968.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 15414) to continue the existing excise tax rates on communication services and on automobiles, and to apply more generally the provisions relating to payments of estimated tax by corporations, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. KING of California, Mr. BOGGS, Mr. BYRNES of Wisconsin, and Mr. CURTIS were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 12119. An act for the relief of Joseph M. Hepworth;

H.R. 15591. An act for the relief of Pfc. John Patrick Collopy, US51615166; and

H.R. 15979. An act to amend the act of August 1, 1958, in order to prevent or minimize injury to fish and wildlife from the use of insecticides, herbicides, fungicides, and pesticides, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 109. An act to prohibit unfair trade practices affecting producers of agricultural products, and for other purposes;

S. 172. An act for the relief of Mrs. Daisy G. Merritt;

S. 1580. An act for the relief of John W. Rogers;

H.R. 7325. An act to authorize the Secretary of the Interior to exchange certain Federal lands for certain lands owned by Mr. Robert S. Latham, Albany, Oreg.;

H.R. 10599. An act relating to the Tiwa Indians of Texas; and

H.R. 11254. An act for the relief of Jack L. Good.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 12119. An act for the relief of Joseph M. Hepworth; and

H.R. 15591. An act for the relief of Pfc. John Patrick Collopy, US51615166; to the Committee on the Judiciary.

H.R. 15979. An act to amend the act of August 1, 1958, in order to prevent or minimize injury to fish and wildlife from the use of insecticides, herbicides, fungicides, and pesticides, and for other purposes; to the Committee on Commerce.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDERSON, from the Joint Committee on Atomic Energy, without amendment.

S. 3262. A bill to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (Rept. No. 1074).

By Mr. BIBLE, from the Committee on the District of Columbia, without amendment:

H.R. 5799. An act to amend the District of Columbia Uniform Gifts to Minors Act to provide that gifts to minors made under such act may be deposited in savings and loan associations and related institutions, and for other purposes (Rept. No. 1075).

By Mr. BIBLE, from the Committee on the District of Columbia, with an amendment:

S. 2015. A bill to amend section 11-1902, District of Columbia Code, relating to the duties of the coroner of the District of Columbia (Rept. No. 1076).

By Mr. BIBLE, from the Committee on the District of Columbia, with amendments:

S. 2496. A bill to authorize the Commissioner of the District of Columbia to enter into and renew reciprocal agreements for police mutual aid on behalf of the District of Columbia with the local governments in the Washington metropolitan area (Rept. No. 1077).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary:

William C. Keady, of Mississippi, to be U.S. district judge for the northern district of Mississippi.

By Mr. MONROONEY, from the Committee on Post Office and Civil Service:

John H. Johnson, of Illinois, to be a member of the Advisory Board for the Post Office Department; and

Two hundred and twenty-nine postmaster nominations.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JACKSON (by request):

S. 3275. A bill to amend the act of February 14, 1931, relating to the acceptance of gifts for the benefit of Indians; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. JACKSON when he introduced the above bill, which appear under a separate heading.)

By Mr. BREWSTER:

S. 3276. A bill to modernize certain provisions of the Civil Service Retirement Act, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3277. A bill to strengthen the criminal penalties for the mailing, importing, or transporting of obscene matter, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. BREWSTER when he introduced the above bills, which appear under separate headings.)

By Mr. MAGNUSON (by request):

S. 3278. A bill to provide for the authority for passenger vessels to operate as trade-fair exhibition ships; to the Committee on Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. RIBICOFF:

S. 3279. A bill for the relief of Col. Heinz Eisenberg, U.S. Army Reserve (retired); to the Committee on the Judiciary.

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S. 3275—INTRODUCTION OF BILL RELATING TO THE ACCEPTANCE OF GIFTS FOR THE BENEFIT OF INDIANS

Mr. JACKSON. Mr. President, I introduce, for appropriate reference, a bill to amend the act of February 14, 1931, relating to the acceptance of gifts for the benefit of Indians.

The Department of the Interior, by letter of December 11, 1967, requested the introduction of this legislation. I ask unanimous consent that the letter from Assistant Secretary Harry R. Anderson explaining the need for the legislation be printed in the RECORD following my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3275) to amend the act of February 14, 1931, relating to the acceptance of gifts for the benefit of Indians, introduced by Mr. JACKSON, by request, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

The letter, presented by Mr. JACKSON, is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., December 11, 1967.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill "To amend the Act of February 14, 1931, relating to the acceptance of gifts for the benefit of Indians."

We recommend that the bill be referred to the appropriate committee for consideration, and we recommend that it be enacted.

The 1931 Act reads as follows:

"The Secretary of the Interior be, and he is hereby authorized in his discretion to accept contributions or donations of funds or other property, real, personal, or mixed, which may be tendered to, or for the benefit of, Federal Indian schools, hospitals, or other institutions conducted for the benefit of Indians, or for the advancement of the Indian race, and to apply or dispose of such donations for the use and benefit of such school, hospital, or other institution or for the benefit of individual Indians."

The Act permits the acceptance of donations for the benefit of Indian institutions or for the advancement of the Indian race. It permits the donations to be used only for the benefit of an Indian institution or for the benefit of individual Indians.

The requirement that the donations be used for the benefit of an Indian institution or individual Indians raises doubts about the use of the donations for such things as research on educational curriculum to meet the special needs of Indian children; research on the special social adjustment problems of Indian families and individuals; projects to develop Indian communities and community leadership; museums to preserve Indian culture and promote understanding of Indian people; and cooperative projects for housing improvement or resource development.

In order to clarify the Act and to permit the use of donations for any purpose that will contribute to the advancement of the Indian people within the framework of programs otherwise authorized by law, the Act should be rephrased. Our proposed bill would accomplish this result.

At the present time about \$35,000 of donated funds is on hand.

It should be noted that the Department has in the past encouraged donations to be

made to charitable organizations or to tribal governments when they were best able to administer the gift, and that practice will be continued. When the gift needs to be administered by the Secretary, however, he should have broader authority than is now contained in the 1931 Act.

The Bureau of the Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

HARRY R. ANDERSON,
Assistant Secretary of the Interior.

S. 3275

A bill to amend the Act of February 14, 1931, relating to the acceptance of gifts for the benefit of Indians

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of February 14, 1931 (46 Stat. 1106, 25 U.S.C. 451), is amended to read as follows:

"The Secretary of the Interior may accept donations of funds or other property for the advancement of the Indian race, and he may use the donated property in accordance with the terms of the donation in furtherance of any program authorized by other provision of law for the benefit of Indians."

S. 3276—INTRODUCTION OF BILL TO MODERNIZE CERTAIN PROVISIONS OF THE CIVIL SERVICE RETIREMENT ACT

Mr. BREWSTER. Mr. President, each year various laws are enacted which benefit our Federal employees either through direct pay increases, or in improved and extended fringe benefits. Over the years, too, there have been a variety of bills introduced which would make liberal changes in the benefits affecting our Federal employees when they retire. However, these individual bills have stayed in committee without action and have been reintroduced session after session. I think our retirees, after serving their Government for nearly a lifetime, deserve better than this.

Individually, these bills affect only a small part of the retirement system. Together, they form the basis for a significant overhaul and modernization of the regulations governing retirees.

First, the bill I introduce today will change the computation formula on annuities by providing that after an employee completes 10 years of service, all past and future service will be creditable at a 2-percent rate. Presently it is 1½ percent for the first 5 years and 1¼ percent for the next 5. These figures would apply only to service of fewer than 10 years.

Second, a surviving spouse would receive 60 percent of the employee's earned annuity rather than the 55 percent provided for under today's regulations. This percentage has not been increased since 1962 and would, I feel, be completely justified in view of the rise in the cost of living in the past 6 years. It would also tend to equalize annuity payments with the adjustments made last year in the Social Security Act.

The automatic cost-of-living formula for the adjustment of annuities has been most recently attacked by retirees who claim that they do not receive as regular or as high an increase as the Federal worker do. The present formula provides that annuities will be automatically in-

creased whenever the cost of living goes up as much as 3 percent and stays up for 3 months in a row. Such annuity increases equal the percentage rise in the cost of living. My bill would cut down on the time a retiree has to wait to receive an increase in annuities by making the automatic adjustment formula go into effect after the price index has risen by 2 percent for 2 consecutive months.

The definition of basic pay is changed by this bill to include in the computation of annuities overtime or premium pay earned by an employee. The employee certainly works for this extra pay, and I believe should have it credited to his account when he retires.

The present penalty for survivorship annuities works much too hard a burden on the retiree. I propose that the 2½-percent reduction now applied only up to \$3,600 be changed to apply up to \$4,800. Then the 10-percent reduction would apply to annuities over \$4,800 rather than all amounts over \$3,600 as it now does.

My bill further raises survivorship benefits for children and provides for increased contributions by covered employees, with matching agency contributions, to guarantee the necessary funding for this liberalized program.

This bill has already been introduced in the House of Representatives by the Honorable THADDEUS J. DULSKI, chairman of the House Post Office and Civil Service Committee. I feel that with his able leadership and with support in the Senate committee for this long overdue legislation, we can soon realize a new, workable and certainly beneficial program for our retired Federal employees.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3276) to modernize certain provisions of the Civil Service Retirement Act, and for other purposes, introduced by Mr. BREWSTER, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

S. 3277—INTRODUCTION OF BILL RELATING TO CRIMINAL PENALTIES FOR MAILING, IMPORTING, OR TRANSPORTING OF OBSCENE MATTER

Mr. BREWSTER. Mr. President, I am sure that everyone of our distinguished colleagues has had the problem of pornography in the mails brought to his attention at one time or another by angered constituents, demanding that something be done by the Federal Government to have their names removed from the mailing lists of these peddlars of filth. I know that the residents of Maryland find the receipt of unsolicited pornographic publications and similar smut an invasion of the privacy of their homes.

Personally, I find the situation deplorable and was proud to have had a part in support title III of last year's Postal Revenue and Federal Salary Act. In that measure, the President wisely enacted into law provisions which would make it possible for an addressee to judge a piece of mail and, in his sole discretion, render a decision as to its acceptability. If the

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(By unanimous consent, Mr. HALL was allowed to proceed for 2 additional minutes.)

Mr. HALL. Mr. Chairman, the Navy is authorized to invest and fund 76 percent of all oceanographic studies. There is a separate Institute on Oceanography, it is chaired by the Navy. Then we have the Oceanographic Institutes. I believe there is one in San Diego, and I think there is one additional one which we use as a laboratory, and which we fund in authorized appropriations for consultation to the Oceanographic Institute, and the intergovernmental oceanographic agencies.

To go on down the list here is perhaps useless. I think I have made my point, and I simply throw out a warning that in the blessed name of science and research, and in spite of the importance and need of garnering onto ourselves line item review of essential projects—and I compliment the committee for doing that—that we constantly be alert less we do invade the jurisdiction of other committees, but even more so that we double expenses from the taxpayers' pocket in research that redounds without producing benefit.

I believe that one cannot go further this time, although one can continue going through item by item as, indeed, I have in the report, and marked pluses or minuses on every one of the authorizations that are set out here, I think it serves no purpose except to alert and put on notice those who have garnered unto themselves that they must at all expenses avoid duplication, additive work, unnecessary research that overlaps, and, above all, read history to see if the needed knowledge is available before the research is authorized.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Chairman, I would like to compliment the gentleman on making an excellent point. Our Committee on Science and Astronautics has tried to prevent overlap, particularly in the Department of Defense, and the National Institutes of Health, and some progress has been made by the new Secretary of the Air Force. We have been so much opposed toward putting a program under the DOT and the Air Force for a manned orbiting laboratory, and then a program of very similar nature under NASA for a manned orbiting laboratory. That manned orbiting laboratory program has not been canceled. I believe we should go forward, as the gentleman said, and make sure on these line-by-line items that we will provide adequate research but no duplication.

Mr. HALL. Mr. Chairman, I thank the gentleman for his contribution. I would only add one sentence, and that is that the statement of the gentleman from Pennsylvania, is true if, it is within the bounds of military security, which cannot be here discussed.

(Mr. HALL asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The time of the gentleman from Missouri has expired.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. CHARLES H. WILSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 10878) to authorize appropriations for activities of the National Science Foundation, and for other purposes, pursuant to House Resolution 475, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced the ayes appeared to have it.

Mr. FULTON of Pennsylvania. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 384, nays 5, not voting 42, as follows:

[Roll No. 207]		
YEA'S—384		
Abernethy	Burke, Fla.	Denns
Adair	Burke, Mass.	Dent
Adams	Burleson, Tex.	Derwinski
Addabbo	Burliss, Mo.	Dickinson
Alexander	Burton, Calif.	Diggs
Anderson,	Bush	Dingley
Calif.	Button	Donohue
Anderson, Ill.	Byrne, Pa.	Dorn
Andrews, Ala.	Byrnes, Wis.	Dowdy
Andrews,	Cabell	Downing
N. Dak.	Caffery	Dulski
Annunzio	Camp	Duncan
Arends	Carter	Dwyer
Ashbrook	Casey	Eckhardt
Ashley	Cederberg	Edmondson
Aspinwall	Celler	Edwards, Ala.
Ayres	Chamberlain	Edwards, Calif.
Baring	Chappell	Edwards, La.
Barrett	Clancy	Ellberg
Beall, Md.	Clark	Erlenborn
Beicher	Clausen,	Esch
Bell, Calif.	Don H.	Eshleman
Bennett	Clawson, Del	Evans, Colo.
Betts	Clay	Evins, Tenn.
Bevill	Cleveland	Fallon
Biaggi	Cohean	Farbstein
Blester	Collier	Fascell
Blackburn	Collins	Feighan
Blanton	Colmer	Findley
Blatnik	Conable	Fish
Boggs	Conte	Fisher
Boland	Conyers	Flood
Boiling	Corbett	Flowers
Bow	Corman	Foley
Brademas	Coughlin	Ford, Gerald R.
Bray	Cowger	Ford,
Brinkley	Cramer	William D.
Brock	Culver	Fountain
Broomfield	Daddario	Fraser
Brotzman	Daniel, Va.	Frelenghuysen
Brown, Mich.	Daniels, N.J.	Frey
Brown, Ohio	Davis, Ga.	Friedel
Broyhill, N.C.	de la Garza	Fulton, Pa.
Broyhill, Va.	Delaney	Fulton, Tenn.
Buchanan	Dellenback	Fuqua

McMillan	Gallagher	Rooney, Pa.
Macdonald,	Garmatz	Rostenkowski
Mass.	Gaydos	Roth
MacGregor	Gettys	Roudebush
Madden	Gaimo	Roybal
Mahon	Gibbons	Ruppe
Maillard	Gilbert	Ruth
Marsh	Gonzalez	Ryan
Martin	Goodling	St Germain
Mathias	Gray	Sandman
Matsunaga	Green, Oreg.	Satterfield
May	Green, Pa.	Schadeberg
Mayne	Griffin	Scherle
Meeds	Griffiths	Schwengel
Melcher	Grover	Scott
Meskell	Gubser	Sebelius
Mikva	Gude	Shipley
Miller, Calif.	Hagan	Shriver
Miller, Ohio	Haley	Sikes
Mills	Hamilton	Sisk
Minish	Hammer-	Skubitz
Mink	schmidt	Slack
Minshalli	Hanley	Smith, Calif.
Mize	Hanna	Smith, Iowa
Mizell	Hansen, Idaho	Smith, N.Y.
Mollohan	Hansen, Wash.	Snyder
Monagan	Harsha	Springer
Montgomery	Harvey	Stafford
Moorhead	Hathaway	Staggers
Morgan	Hawkins	Stanton
Morse	Hays	Steed
Morton	Hechler, W. Va.	Stelzer, Ariz.
Mosher	Heckler, Mass.	Stelzer, Wis.
Moss	Helstoski	Stokes
Murphy, Ill.	Henderson	Stratton
Murphy, N.Y.	Hicks	Stubblefield
Myers	Hogan	Sullivan
Natchez	Hollfield	Symington
Nedzi	Horton	Taft
Nelsen	Hosmer	Talcott
Nichols	Hull	Taylor
Nix	Hungate	Teague, Calif.
Obey	Hunt	Teague, Tex.
O'Hara	Hutchinson	Thompson, Ga.
Olsen	Ichord	Thompson, N.J.
O'Neal, Ga.	Jacobs	Thompson, Wis.
O'Neill, Mass.	Jarman	Tierman
Ottinger	Johnson, Calif.	Udall
Passman	Johnson, Pa.	Ullman
Patman	Jonas	Utt
Patten	Jones, Ala.	Van Deerlin
Pepper	Jones, N.C.	Vander Jagt
Perkins	Jones, Tenn.	Vanik
Pettis	Karth	Vigorito
Philbin	Kastenmeier	Waggonner
Pickle	Kazan	Waldir
Pike	Keith	Wampler
Pirnie	King	Watkins
Poage	Kleppe	Watson
Podell	Kluczynski	Watts
Poff	Koch	Weicker
Pollock	Kuykendall	Whalen
Preyer, N.C.	Kyl	White
Price, Ill.	Kyros	Whitehurst
Price, Tex.	Landrum	Whittem
Fryor, Ark.	Langen	Whitton
Pucinski	Latta	Widnall
Purcell	Leggett	Wiggins
Quile	Lennon	Williams
Quillen	Lloyd	Wilson, Bob
Railsback	Long, La.	Wilson, Charles H.
Long, Md.	Long, Md.	Wynn
Randall	Lowenstein	Wold
Rankin	Lujan	Wolff
Reid, Ill.	Lukens	Wright
Reid, N.Y.	McCarthy	Wyatt
Reifel	McClory	Wyder
Reuss	McCloskey	Wylie
Riegle	McCulloch	Wyman
Rivers	McDade	Yates
Roberts	McDonald,	Young
Robison	Mich.	Zablocki
Rodino	McEwen	Zion
Rogers, Colo.	McFall	Zwach
Rogers, Fla.	McKneally	
Rooney, N.Y.		
NAY'S—5		
Devine	Hall	Saylor
Gross	O'Konski	
NOT VOTING—42		
Abbitt	Dawson	Mann
Albert	Denney	Pelly
Anderson,	Flynt	Powell
Tenn.	Tenn.	Rees
Berry	Foreman	Rhodes
Bingham	Goldwater	Rosenthal
Brasco	Halpern	St. Onge
Brooks	Harrington	Schneebeli
Brown, Calif.	Hastings	Stephens
Brown, Utah	Hébert	Stuckey
Burton, Calif.	Howard	Tunney
Cahill	Kee	Whaley
Carey	Kirwan	Yatron
Chisholm	Landgrebe	
Cunningham	Lipscomb	
Davis, Wis.	McClure	

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So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Rhodes.
 Mr. Bracco with Mr. Halpern.
 Mr. Albert with Mr. Berry.
 Mr. Kirwan with Mr. Schneebeli.
 Mr. Tunney with Mr. Feely.
 Mr. Corey with Mr. Cahill.
 Mr. St. Onge with Mr. Burton of Utah.
 Mr. Rosenthal with Mr. Whaley.
 Mr. Howard with Mr. Cunningham.
 Mr. Abbott with Mr. Landgrebe.
 Mr. Anderson of Tennessee with Mr. Denney.
 Mr. Brooks with Mr. Davis of Wisconsin.
 Mr. Flynt with Mr. Foreman.
 Mr. Brown of California with Mr. Hastings.
 Mr. Mann with Mr. Goldwater.
 Mr. Stuckey with Mr. Lipscomb.
 Mr. Yatron with Mr. McClure.
 Mr. Rees with Mr. Powell.
 Mr. Harrington with Mrs. Chisholm.
 Mr. Kee with Mr. Dawson.
 Mr. Bingham with Mr. Stephens.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. DADDARIO. Mr. Speaker, I ask unanimous consent for the immediate consideration of S. 1857, to authorize appropriations for activities of the National Science Foundation pursuant to Public Law 81-507, as amended, a Senate bill similar to that just passed by the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1857

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the National Science Foundation for the fiscal year ending June 30, 1970, to enable it to carry out its powers and duties under the National Science Foundation Act of 1950, as amended, and under title IX of the National Defense Education Act of 1958, out of any money in the Treasury not otherwise appropriated, \$474,305,000.

Sec. 2. Appropriations made pursuant to authority provided in section 1 shall remain available for obligations, for expenditure, or for obligation and expenditure, for such period or periods as may be specified in Acts making such appropriations.

Sec. 3. Section 14 of the National Science Foundation Act of 1950, as amended by Public Law 90-407 (82 Stat. 360), is amended by adding to the end thereof the following new subsection:

"(1) Notwithstanding any other provision of law, the authorization of any appropriation to the Foundation shall expire (unless an earlier expiration is specifically provided) at the close of the third fiscal year following the fiscal year for which the authorization was enacted, to the extent that such appropriation has not theretofore actually been made."

Sec. 4. Appropriations made pursuant to this Act may be used, but not to exceed \$2,500, for official reception and representation expenses upon the approval or authority of the Director, and his determination shall be final and conclusive upon the accounting officers of the Government.

Sec. 5. In addition to such sums as are authorized by section 1 hereof, not to exceed \$3,000,000 is authorized to be appropriated

for expenses of the National Science Foundation incurred outside the United States to be paid for in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States.

Sec. 6. Notwithstanding any provision of the National Science Foundation Act of 1950, or any other provision of law, the Director of the National Science Foundation shall keep the Committee on Science and Astronautics of the House of Representatives and the Committee on Labor and Public Welfare of the Senate fully and currently informed with respect to all of the activities of the National Science Foundation.

Sec. 7. This Act may be cited as the "National Science Foundation Act Amendments of 1969."

AMENDMENT OFFERED BY MR. DADDARIO

Mr. DADDARIO. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DADDARIO: Strike out all after the enacting clause of the bill S. 1857 and insert in lieu thereof the provisions of H.R. 10878, as passed, as follows:

"That there is hereby authorized to be appropriated to the National Science Foundation for the fiscal year ending June 30, 1970, to enable it to carry out its powers and duties under the National Science Foundation Act of 1950, as amended, and under title IX of the National Defense Education Act of 1958, out of any money in the Treasury not otherwise appropriated, \$474,305,000.

"**Sec. 2.** Appropriations made pursuant to authority provided in section 1 shall remain available for obligation, for expenditure, or for obligation and expenditure, for such period or periods as may be specified in Acts making such appropriations.

"**Sec. 3.** Appropriations made pursuant to this Act may be used, but not to exceed \$2,500, for official reception and representation expenses upon the approval or authority of the Director, and his determination shall be final and conclusive upon the accounting officers of the Government.

"**Sec. 4.** In addition to such sums as are authorized by section 1 hereof, not to exceed \$3,000,000 is authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States to be paid for in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States.

"**Sec. 5.** Notwithstanding any other provision of law, the authorization of any appropriation to the National Science Foundation shall expire (unless an earlier expiration is specifically provided) at the close of the first fiscal year following the fiscal year in which the authorization was enacted, to the extent that such appropriation has not theretofore actually been made.

"**Sec. 6.** Notwithstanding any provision of the National Science Foundation Act of 1950, or any other provision of law, the Director of the National Science Foundation shall keep the Committee on Science and Astronautics of the House of Representatives and the Committee on Labor and Public Welfare of the Senate fully and currently informed with respect to all of the activities of the National Science Foundation.

"**Sec. 7.** If any institution of higher education determines, after affording notice and opportunity for hearing to an individual attending or employed by such institution—

"(a) that such individual has, after the date of the enactment of this act, willfully refused to obey a lawful regulation or order of such institution and that such refusal was of a serious nature and contributed to the disruption of the administration of such institution; or

"(b) that such individual has been convicted in any Federal, State, or local court

of competent jurisdiction of inciting, promoting, or carrying on a riot, or convicted of any group activity resulting in material damage to property, or injury to persons, found to be in violation of Federal, State, or local laws designed to protect persons or property in the community concerned;

then the institution shall deny any further payments to or for the benefit of such individual which (but for this section) would be due or payable to such individual and no part of any funds appropriated pursuant to this Act shall be available for the payment of any amount (as salary, etc., a loan or grant, or otherwise) to such individual.

"**Sec. 8.** This Act may be cited as the "National Science Foundation Authorization Act, 1970."

Amend the title so as to read: "An Act to authorize appropriations for activities of the National Science Foundation, and for other purposes."

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "To authorize appropriations for activities of the National Science Foundation, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 10878) was laid on the table.

GENERAL LEAVE

Mr. DADDARIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

ELECTION TO STANDING COMMITTEE

Mr. GERALD R. FORD. Mr. Speaker, I offer a privileged resolution (H. Res. 571) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 571

Resolved, That Charlotte T. Reid, of Illinois, be and she is hereby elected a member of the standing committee of the House of Representatives on Standards of Official Conduct.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDING SUBCHAPTER III OF CHAPTER 83, TITLE 5, UNITED STATES CODE—CIVIL SERVICE RETIREMENT

Mr. DANIELS of New Jersey. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

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Strike out all after the enacting clause and insert: That this Act may be cited as the "Civil Service Retirement Amendments of 1969".

TITLE I—CIVIL SERVICE RETIREMENT FINANCING

SEC. 101. Section 8331 of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting a semicolon in lieu thereof; and

(3) by adding immediately below paragraph (16) the following new paragraphs:

"(17) 'normal cost' means the entry-age normal cost computed by the Civil Service Commission in accordance with generally accepted actuarial practice and expressed as a level percentage of aggregate basic pay;

"(18) 'Fund balance' means the sum of—

"(A) the investments of the Fund calculated at par value; and

"(B) the cash balance of the Fund on the books of the Treasury; and

"(19) 'unfunded liability' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members and former employees and Members, subject to this subchapter, and to their survivors, over the sum of—

"(A) the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf; plus

"(B) the present value of Government payments to the Fund under section 8348(f) of this title; plus

"(C) the Fund balance as of the date the unfunded liability is determined."

Sec. 102. (a) Section 8334 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) The employing agency shall deduct and withhold 7 percent of the basic pay of an employee, 7½ percent of the basic pay of a Congressional employee, and 8 percent of the basic pay of a Member. An equal amount shall be contributed from the appropriation or fund used to pay the employee or, in the case of an elected official, from an appropriation or fund available for payment of other salaries of the same office or establishment. When an employee in the legislative branch is paid by the Clerk of the House of Representatives, the Clerk may pay from the contingent fund of the House the contribution that otherwise would be contributed from the appropriation or fund used to pay the employee.

"(2) The amounts so deducted and withheld, together with the amounts so contributed, shall be deposited in the Treasury of the United States to the credit of the Fund under such procedures as the Comptroller General of the United States may prescribe. Deposits made by an employee or Member also shall be credited to the Fund;" and

(2) by amending subsection (c) to read as follows:

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which retirement deductions or deposits have not been made, may deposit with interest an amount equal to the following percentages of his basic pay received for that service:

"Percentage of basic pay:

Employee: Service period

2½— August 1, 1920, to June 30, 1926.

3½— July 1, 1926, to June 30, 1942.

5— July 1, 1942, to June 30, 1948.

6— July 1, 1948, to October 31,

1956.

6½— November 1, 1956, to December 31, 1969.

7— After December 31, 1969.

Member or employee for congressional employee service:

2½— August 1, 1920, to June 30, 1926.

3½— July 1, 1926, to June 30, 1942.

5— July 1, 1942, to June 30, 1948.

6— July 1, 1948, to October 31, 1956.

6½— November 1, 1956, to December 31, 1969.

7½— After December 31, 1969.

Member for Member service:

2½— August 1, 1920, to June 30, 1926.

3½— July 1, 1926, to June 30, 1942.

5— July 1, 1942, to August 1, 1946.

6— August 2, 1946, to October 31, 1956.

7½— November 1, 1956, to December 31, 1969.

8— After December 31, 1969.

Notwithstanding the foregoing provisions of this subsection, the deposit with respect to a period of service referred to in section 8332 (b) (6) of this title performed before January 1, 1969, shall be an amount equal to 55 percent of a deposit computed in accordance with such provisions."

(b) The amendment made by subsection (a)(1) of this section shall become effective at the beginning of the first applicable pay period beginning after December 31, 1969.

Sec. 103. (a) Section 8348 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) There is a Civil Service Retirement and Disability Fund. The Fund—

(1) is appropriated for the payment of—

"(A) benefits as provided by this subchapter; and

"(B) administrative expenses incurred by the Civil Service Commission in placing in effect each annuity adjustment granted under section 8340 of this title; and

"(2) is made available, subject to such annual limitation as the Congress may prescribe, for any expenses incurred by the Commission in connection with the administration of this chapter and other retirement and annuity statutes;" and

(2) by striking out subsections (f) and (g) and inserting in lieu thereof:

"(f) Any statute which authorizes—

"(1) new or liberalized benefits payable from the Fund, including annuity increases other than under section 8340 of this title;

"(2) extension of the coverage of this subchapter to new groups of employees; or

"(3) increases in pay on which benefits are computed;

Is deemed to authorize appropriations to the Fund to finance the unfunded liability created by that statute, in 30 equal annual installments with interest computed at the rate used in the then most recent valuation of the Civil Service Retirement System and with the first payment thereof due as of the end of the fiscal year in which each new or liberalized benefit, extension of coverage, or increase in pay is effective.

"(g) At the end of each fiscal year, the Commission shall notify the Secretary of the Treasury of the amount equivalent to (1) interest on the unfunded liability computed for that year at the interest rate used in the then most recent valuation of the System, and (2) that portion of disbursement for annuities for that year which the Commission estimates is attributable to credit allowed for military service. Before closing the accounts for each fiscal year, the Secretary shall credit to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated, the following percentages of such amounts: 10 percent for 1971; 20 percent for 1972; 30 percent for 1973; 40 percent for 1974; 50 percent for 1975; 60 percent for 1976; 70 percent for 1977; 80 percent for 1978; 90 percent

for 1979; and 100 percent for 1980 and for each fiscal year thereafter. The Commission shall report to the President and to the Congress the sums credited to the Fund under this subsection."

(b) (1) The provisions of subsection (g) of section 8348 of title 5, United States Code, as contained in the amendment made by subsection (a)(2) of this section, shall become effective at the beginning of the fiscal year which ends on June 30, 1971.

(2) Paragraph (1) of this subsection shall not be held or considered to continue in effect after the enactment of this Act the provisions of section 8348(g) of title 5, United States Code, as in effect immediately prior to such enactment.

Sec. 104. Section 1308(c) of title 5, United States Code, is amended by striking out "on a normal cost plus interest basis".

Sec. 105. The proviso under the heading "Civil Service Commission" and under the subheading "Payment to Civil Service Retirement and Disability Fund" in title I of the Independent Offices Appropriation Act, 1962 (75 Stat. 345; Public Law 87-141), is repealed.

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

Sec. 201. (a) Paragraph (4)(A) of section 8331 of title 5, United States Code, is amended to read as follows:

"(A) over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e)(1) of section 8341 of this title based on service of less than 3 years, over the total service; or".

(b) Subsection (c) of section 8333 of title 5, United States Code, is amended to read as follows:

"(c) A Member or his survivor is eligible for an annuity under this subchapter only if the amounts named by section 8334 of title 5 have been deducted or deposited with respect to his last five years of civilian service, or, in the case of a survivor annuity under section 8341(d) or (e)(1) of this chapter, with respect to his total service."

Sec. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339(m) of this title."

Sec. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words "so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years" and inserting in lieu thereof "his service as a Congressional employee, his military service not exceeding 5 years";

(2) by amending subsection (c)(2) to read as follows:

"(2) his Congressional employee service;"

(3) by striking out the last full sentence of subsection (f);

(4) by striking out "(excluding any increase because of retirement under section 8337 of this title)" in subsection (f); and

(5) by adding at the end thereof the following new subsection:

"(m) In computing any annuity under subsections (a)-(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or annuity eligibility under this subchapter."

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SEC. 204. (a) Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by".

(b) Subsection (e)(2) of such section is amended to read as follows:

"(2) For the purpose of computing the annuity of a child under section 8341(e) of this title that commences on or after the first day of the first month that begins on or after the date of enactment of the Civil Service Retirement Amendments of 1969, the items \$900, \$1,080, \$2,700, and \$3,240 appearing in section 8341(e) of this title shall be increased by the total percent increases allowed and in force under this section on or after such day and, in case of a deceased annuitant, the items 60 percent and 75 percent appearing in section 8341(e) of this title shall be increased by the total percent allowed and in force to the annuitant under this section on or after such day."

SEC. 205. The provisions of subsection (b) (1), (d)(3), and (g) of section 8341 of title 5, United States Code, also shall apply in the case of any widow or widower—

(1) of an employee who died, retired, or was otherwise finally separated before July 18, 1966;

(2) who shall have remarried on or after such date; and

(3) who, immediately before such remarriage, was receiving annuity from the Civil Service Retirement and Disability Fund; except that no annuity shall be paid by reason of this section for any period prior to the enactment of this section. No annuity shall be terminated solely by reason of the enactment of this section. Notwithstanding the prohibition contained in the first sentence of this section on the payment of annuity for any period prior to the enactment of this section, in any case in which the Civil Service Commission determines that—

(1) the remarriage of any widow or widower described in such sentence was entered into by the widow or widower in good faith and in reliance on erroneous information provided by Government authority prior to that remarriage that the then existing survivor annuity of the widow or widower would not be terminated because of the remarriage; and

(2) such annuity was terminated by law because of that remarriage; then payment of annuity may be made by reason of this section in such case, beginning as of the effective date of the termination because of the remarriage.

SEC. 206. (a) The first sentence of subsection (d) of section 8341 of title 5, United States Code, is amended to read as follows: "If an employee or Member dies after completing at least 18 months of civilian service, the widow or dependent widower of the employee or Member is entitled to an annuity equal to 55 percent of an annuity computed under section 8339 (a)-(e) and (h) of this title as may apply with respect to the employee or Member, except that in the computation of the annuity under such section, the annuity of the employee or Member shall be at least the smaller of (i) 40 percent of his average pay, or (ii) the sum obtained under such section after increasing his service of the type last performed by the period elapsing between the date of death and the date he would have become 60 years of age."

(b) Subsection (e)(1) of such section is amended to read as follows:

"(e)(1) If an employee or Member dies after completing at least 18 months of civilian service, or an employee or Member dies after retiring under this subchapter, and is survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(A) 60 percent of the average pay of the employee or Member divided by the number of children;

"(B) \$900; or

"(C) \$2,700 divided by the number of children; subject to section 8340 of this title. If the employee or Member is not survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(1) 75 percent of the average pay of the employee or Member divided by the number of children;

"(ii) \$1,080; or

"(iii) \$3,240 divided by the number of children; subject to section 8340 of this title."

Sec. 207. (a) The amendments made by sections 201, 202, 203, and 206(a) of this Act shall not apply in the cases of persons retired or otherwise separated prior to the date of enactment of this Act, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if such sections had not been enacted.

(b) The amendments made by section 204(a) of this Act to section 8340 of title 5, United States Code, shall apply only to annuity increases which become effective under such section 8340 after the date of enactment of this Act.

(c)(1) The amendment made by section 206(b) of this Act shall become effective on the first day of the first month which begins on or after the date of enactment of this Act.

(2) The annuity of each surviving child who, immediately prior to the effective date of such amendment is receiving an annuity under section 8341(e) of title 5, United States Code, or under a comparable provision of any prior law, or who hereafter becomes entitled to receive annuity under the Act of May 29, 1930, as amended from and after February 28, 1948, shall be recomputed effective on such date, or computed from commencing date if later, in accordance with such amendment. No increase allowed and in force prior to such date shall be included in the computation or recomputation of any such annuity. This paragraph shall not operate to reduce any annuity.

Mr. DANIELS of New Jersey (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the Senate amendment be dispensed with and that it be printed in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey (Mr. DANIELS)?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I do so in order that we may have an explanation of the action of the other body with respect to this legislation and to ask a few questions of the gentleman from New Jersey.

Particularly, Mr. Speaker, I would like to know what additional benefits the other body put into this bill and whether the costs of the additional benefits are covered?

Mr. DANIELS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. DANIELS of New Jersey. I shall be happy to explain.

The Senate amended the House bill, H.R. 9825, by striking all language following the enacting clause and inserting the language of S. 2754, as amended.

The Senate amendment retains all of the provisions of the House-passed bill, except minor technical and perfecting changes. Exclusive of the liberalized survivor provisions and additional funding mechanism added by the Senate amend-

ment, the only substantive change in the House-passed version is with respect to the rate of contribution applicable to Members of Congress. The House version continues the Members' contribution rate at the present 7.5 percent whereas the Senate version raises it to 8 percent—no attempt being made in the Senate to retain the rate of 7.5 percent.

The Senate amendment made changes in other respects, as to costs of crediting military service, surviving spouses' benefits, and surviving children's benefits.

With respect to costs, the total contributions will amount to 14 percent, and under the Senate-passed amendments the normal costs will come to 13.98 percent, leaving a surplus of 0.02 percent.

Under the present cost operating system, normal costs come to 13.86 percent and, by virtue of the change made by the State, the normal cost will be reduced by 0.22 percent so that the new normal cost of present benefits comes to 13.64 percent.

However, the House provisions would add thirteen one-hundredths of 1 percent and, by virtue of the liberalized benefits added by the Senate, which amount to twenty-one one-hundredths of 1 percent, we arrive at a total new normal cost of 13.98 percent of payroll, which is 0.01 percent under the House-passed bill.

The Senate amendment to title I provides that the cost of crediting military service be financed by annual transfers from the Treasury, out of money not otherwise appropriated, to the retirement fund in the same manner as it is proposed to finance the interest on the existing unfunded liability. Ten percent of such costs would begin to be paid starting in 1971, increasing by an additional 10 percent each year until, in 1980 and thereafter, the total costs would be funded by direct transfer. These payments would begin at about \$10 million, rise proportionately over the next 20 years, and peak at approximately \$300 million. Thereafter, these costs will gradually decline to a relatively negligible amount since military service performed after 1956 will, generally, be creditable under the social security system. By so funding, the normal cost of the benefit structure of the civil service retirement system will be reduced by 0.22 percent of payroll, reducing present normal cost from 13.86 percent to 13.64 percent. It will also result in reducing the system's unfunded liability by \$4.7 billion.

Under existing law an employee who retires on disability—after completing at least 5 years of service—is guaranteed a minimum benefit of the smaller of (A) 40 percent of the average salary or (B) the rate obtained under the general formula after increasing the actual service by the time remaining between the date of disability retirement and the attainment of age 60, if either (A) or (B) produces a greater rate than is earned by virtue of his actual service. However, the law stipulates that such guaranteed rate is payable only to the disabled employee, and is not applicable in determining his spouse's survivor rate. Her benefit is 55 percent of only his earned rate.

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The Senate amendment removes the latter restriction, and extends to the surviving spouse an annuity based upon the higher guaranteed minimum benefit, where applicable.

Under existing law the spouse and children of an employee have survivor protection only in the event of his death after completing at least 5 years' of service. The Senate amendment would provide such protection upon the employee's death occurring after a total of 18 months of service—similar to the minimum coverage requirement of the social security system.

The amendment extends to the surviving children of such short-term decedents the same dollar benefits provided to children of over-5-years employees. However, its greatest effect is with respect to the spouse's benefit. It grants to the eligible spouse the same computation formula extended to the spouse of a disability retiree; that is, her rate would be computed on the basis of 55 percent of a guaranteed minimum disability benefit, if it exceeds the basic earned annuity. In other words, the basic rate would be determined as though the employee had retired on disability as of the date of his death in active service.

Present law grants basic survivor annuity benefits to eligible children of the smallest of: First, \$50 per month per child, second, \$150 per month divided by the number of children, or third, 40 percent of the employee's average salary. Orphaned children's basic rates are, respectively: First, \$60 per month per child, second, \$180 per month divided by the number of children, or third, 50 percent of the average salary, whichever is smallest. These basic rates are subject to all automatic cost-of-living adjustments occurring since 1965. Generally, the current maximum monthly rates are \$61 and \$183 for children with one parent, and \$72 and \$216 for orphans.

The Senate amendment proposes a fresh start principle by increasing the respective children's basic amounts of \$50, \$150, and 40 percent to \$75, \$225, and 60 percent, and orphan's basic amounts of \$60, \$180, and 50 percent respectively to \$90, \$270, and 75 percent. In application the present actual average rates of \$61 and \$183 would be increased to \$75 and \$225; the present actual average rates of \$72 and \$216 would be increased to \$90 and \$270; and these new basic rates would be further increased by the percentage of all future cost-of-living increases.

Mr. GROSS. Mr. Speaker, I thank the gentleman for his explanation and say to Members of the House that I am still opposed to some provisions of this bill, but if I read the signs correctly—and I believe I do—there is no point in going to conference with it.

I accept the fate of having been defeated on this issue when the measure was originally before the House. I said then, as I now reiterate, that this legislation had the original worthy purpose of bringing order out of chaos in the funding of the Government employees retirement fund, but was then converted into a Christmas tree with goodies for almost everyone.

Let me repeat my belief that it would be futile to attempt to overturn in a conference the action of the House and Senate. However, I still strongly oppose enactment of this legislation in its present form.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. DERWINSKI. Mr. Speaker, reserving the right to object. The gentleman from New Jersey has made an explanation, but like my distinguished colleague, the gentleman from Iowa, I recognize the facts of life and feel that there is no further point in debating this bill except merely to clarify some things for the Members. Does the gentleman have any idea as to what cost will now be attributed to the high 3-year-service feature, calculated as to the impact on immediate retirement of many people in the service? Does the gentleman have any figures to show the possibilities in that area?

Mr. DANIELS of New Jersey. I understand a number of people will be retiring shortly after enactment of the bill, if that be the will of the President. I have received many, many inquiries from Members as to the status of this bill, both after the House passed it and while action was pending thereon in the Senate, and since last week when the Senate passed this bill. I believe there will be a considerable number who will retire. This bill will save, perhaps, the administration some embarrassment of firing people to cut back defense spending. Because by people retiring, it will also open the doors for many young people to come into the Government service, and for younger employees to move up the ladder.

Mr. DERWINSKI. It is not my purpose to go into unnecessary speculation about the acts of this administration unless we in Congress exercise some leadership in this bureaucracy in doing away with many of the programs we have started. But like the gentleman from Iowa, I feel that the Senate version is an improvement on the bill passed in the House. I think the gentleman from New Jersey is correct in recommending that we accept the Senate version.

Mr. Speaker, now that the Senate has worked its will on the civil service retirement bill, H.R. 9825, and it is obviously moving toward enactment, I would be delinquent if I did not make some observations which I feel are pertinent at this point.

I first want to commend our distinguished colleagues in the other body for improving in two instances a bill which I did not favor as it passed the House. One improvement is the increase from 7½ percent to 8 percent of the retirement deduction rate for Members of Congress. Fairness dictates that if we insist that all other Federal employees pay an additional one-half percent into the retirement fund that Members of Congress should do the same.

I also admire the Senate action in amending the bill so that costs attributable to the crediting of military service be financed annually by the same method

as the financing of interest on the unfunded liability of the retirement fund. It was, after all, the idea of Congress to permit credit for military service and so the cost should not be charged to the fund as a whole, as it has in the past, but should be covered by annual payments by the Government.

I must, however, restate my strong disagreement with the provision remaining in the bill which permits retirement service credit for the calendar value of unused sick leave. This is a departure from the basic concept that has governed the use of sick leave since its inception in the Federal system. The basis for sick leave under our system is to insure against the loss of income during periods of illness. All employees have the same right to draw upon sick leave if necessary, but nothing is owed the employee who enjoys good health and does not have to draw upon his reserve. This sick leave provision, as it becomes law, will discriminate against the employee who happened to be burdened with illness.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. MICHEL. Mr. Speaker, further reserving the right to object, did I correctly understand the gentleman to say that under the bill about to be accepted, if it is, that our contribution as Members of Congress to the retirement fund will be increased from 7½ percent to 8 percent?

Mr. DANIELS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New Jersey.

Mr. DANIELS of New Jersey. Your understanding is correct. Our contribution will be increased from 7½ percent to 8 percent, with the Government contributing a similar sum into the retirement fund.

Mr. MICHEL. Further reserving the right to object, I should like to make the observation that some of the newspapers at home carry front-page accounts about how we are raising our salary again, raising our annuities. I have been opposed, frankly, to liberalizing that 5-year high base to 3 years. Personally, I do not like to see the increase from 7½ percent to 8 percent. I am grateful for what I may get someday and I do not think it ought to be increased. The thought occurs to me that our late senior Senator, who died a few weeks ago, was a Member of this body and a Member of the other body since 1932, except for 2 years. Over that vast expanse of years he contributed to this retirement fund. In that particular kind of case, the Senator contributed into the fund for 37 years and died without realizing an annuity. Now his widow qualifies, as I understand the system, for a 55-percent survivorship of what the Senator earned, but if she is in the twilight of her years, she may never realize in benefits anywhere near the amount her husband had contributed to the fund. There is provision, I believe, for the balance of premiums paid in to go to one's estate, but that is it.

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Certainly it is not any real bonanza, when one considers the amount of the contributions over some 32 years.

Have there been any studies made of the number of senior Members of this body and the other body who die after contributing over a period of 20 or 30 or 40 years to this program and never fully realize what they paid for in their 7½ or now 8 percent of salary deductions?

Mr. DANIELS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New Jersey.

Mr. DANIELS of New Jersey. Mr. Chairman, I agree with the gentleman from Illinois. There is no real bonanza for the Members of Congress.

Our subcommittee did not go into the particular subject matter the gentleman has discussed, but I understand another subcommittee did go into this matter in considering the retirement benefits for the civil employees of the Foreign Service. I am not familiar with what that study showed, but I fully agree with the gentleman, that there are no "bundles for Congress" in this bill, regardless of what the news media says.

Mr. MICHEL. Mr. Speaker, I am happy to hear the gentleman's response to that question.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Ohio (Mr. HAYS).

Mr. HAYS. Mr. Speaker, I chaired the subcommittee that went into this matter. As I said before, during the debate on this bill earlier, this fund for Members of Congress, if it were separated out and stood alone, would show it has accumulated a bonanza for the Government. In spite of the fact that when it was passed everybody was blanketed in without any prior contributions or without having to go back and pay for prior years of service, and in spite of the fact that for about half the time or more of the time, the Government did not put its share of contributions in.

I do not recall the figure off the top of my head at this moment, but I think it was approximately \$12 million or \$16 million more which was paid in than has ever been paid out—and that in spite of the fact the Government did not make its contribution and in spite of the fact the people who were here in 1946, when it was passed, and who had been here for 20 or 30 or 40 years were blanketed in. So there has not been really any steal from the taxpayers at all.

Mr. MICHEL. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

Mr. HOGAN. Mr. Speaker, I am very pleased to have been a cosponsor of this legislation which will resolve the financial crisis facing the retirement fund today. At the same time we are fulfilling an obligation long overdue our civil servants by committing the Government to maintaining the integrity of the civil service retirement fund and insuring that there will always be enough money in the fund to permit payment of all benefits—in full and on time—to all past, present, and future Federal employees.

I urge the Members of this body to give our Government workers one more vote of confidence by unanimously ac-

cepting the Senate amendments to H.R. 9225, permitting prompt transmittal of this measure to the President for his signature into law, a moment long awaited by civil service employees of the Fifth District of Maryland.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. DANIELS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on H.R. 9825.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

RESIGNATION AS MEMBER OF NATIONAL COMMISSION ON REFORM OF FEDERAL CRIMINAL LAWS

The SPEAKER laid before the House the following communication, which was read:

OCTOBER 1, 1969.

HON. JOHN W. McCORMACK,
Speaker of the House of Representatives,
The Capitol.

DEAR MR. SPEAKER: It is with regret that I respectfully submit my resignation as a member of the National Commission on Reform of Federal Criminal Laws. As you know, Mr. Speaker, I do not plan to run for reelection to Congress and I think it appropriate that I be replaced at this time by another Member of the House of Representatives.

I enjoyed my service on the National Commission on Reform of Federal Criminal Laws with its distinguished Chairman, The Honorable Edmund G. Brown.

Sincerely,

DON EDWARDS,
Member of Congress.

APPOINTMENT AS MEMBER OF NATIONAL COMMISSION ON REFORM OF FEDERAL CRIMINAL LAWS

The SPEAKER. Pursuant to the provisions of section 2(a), Public Law 89-801, the Chair appoints as a member of the National Commission on Reform of Federal Criminal Laws the gentleman from Illinois, Mr. MIKVA, to fill the existing vacancy thereon.

PERSONAL ANNOUNCEMENT

Mr. DULSKI. Mr. Speaker, I was absent from the House session on Monday, October 6, because of a death in our family in Buffalo, N.Y.

Had I been present and voting, I would have voted "yea" on rollcalls Nos. 203, 204, and 205. On rollcall 202, I would have voted "nay."

ANTI-INFLATION CAMPAIGN

(Mr. O'HARA asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. O'HARA. Mr. Speaker, on June 2, I read into the Record a newspaper article describing how the Advertising Council, an offshoot of the U.S. Chamber of Commerce, was hoping to launch an anti-inflation campaign to "condition the collective mind so that when something is done, they will know it to be in their best interests." The quote is from an official of the Advertising Council.

Well, this administration has been doing its best to fight inflation. And yesterday, the Bureau of Labor Statistics of the U.S. Department of Labor announced that unemployment had risen to its highest level in 2 years. The increase—equal to one-half of 1 percent of the entire labor force—was the biggest monthly increase since the last time the Republicans were in office.

We are told by the Washington Post:

Some administration economists, most notably Assistant Treasury Secretary Murray Weidenbaum, viewed the increase in joblessness as evidence the Government's anti-inflation program is beginning to take hold.

Mr. Speaker, I do not think the people of this country have yet had their collective mind conditioned by the advertising council to the point where they are going to accept the administration's view that a little unemployment is good for you.

Prices continue to rise. The President opposes tax relief for the middle-income taxpayer, but supports more tax relief for those who already have most of the loopholes. The Federal Reserve Board continues with its policies of increasing the prices the banks can charge us to use our money.

Taken as a whole, Mr. Speaker, one can only agree with the Assistant Secretary of the Treasury. The administration's anti-inflation fight has indeed begun to "take hold."

It has begun to reduce full employment so that business can keep labor in line through fear of unemployment. It has begun to generate public pressure against domestic programs which might improve the position of those most in need. And it has done so without holding down prices and profits for the natural supporters of the Republican Party.

Mr. Speaker, I have a modest proposal. If increased unemployment is going to be sold to us as an anti-inflation measure, may I suggest that the unemployment start with the guy who thought up that argument?

RAILS, RULES, AND RUIN AT FORT ROBINSON

(Mr. ADAMS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ADAMS. Mr. Speaker, the problem of inadequate rail service for passengers was the subject of a special order last month and over 90 Members have joined with me in sponsoring a bill to authorize the Interstate Commerce Commission to require adequate standards of service on the Nation's passenger trains. This is a proposed solution to part of the whole problem of

stance, article 14.01, Texas Code of Criminal Procedure. I have qualms about this proliferation of arrest without warrant.

I am willing to extend authority to postal inspectors to make arrests in connection with acts "directly injurious to the Central Government," and I would give careful, and perhaps favorable, consideration to extending it in the area covered by the Post Office Code of 1872. But I think to extend full police authority to postal inspectors in the whole range of offenses in which use of the mail is one instance of Federal jurisdiction is to create a new, general Federal police force. This is too serious an extension to consider as merely incidental to a prohibition against mailing master automobile keys.

Mr. DULSKI. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. NIX].

Mr. NIX. Mr. Speaker, I rise to express my unqualified support of the conference report on the bill, H.R. 14935, and urge its adoption.

Mr. Speaker, I ask unanimous consent to extend my remarks at that point in the RECORD immediately following the remarks of the gentleman from New York [Mr. DULSKI].

The SPEAKER pro tempore (Mr. ALBERT). Without objection, it is so ordered.

There was no objection.

Mr. DULSKI. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 251, nays 62, answered "present"—1, not voting 117, as follows:

[Roll No. 361]

YEAS—251

Abbitt	Burke, Mass.	Dingell
Adams	Burleson	Dole
Addabbo	Burton, Calif.	Donohue
Albert	Button	Dorn
Anderson, Ill.	Byrne, Pa.	Dow
Anderson, Tenn.	Cabell	Dowdy
Andrews, N. Dak.	Cahill	Downing
Annunzio	Carey	Dulski
Arends	Casey	Edmondson
Barrett	Clancy	Edwards, Ala.
Bates	Clark	Edwards, Calif.
Bennett	Clausen,	Ellberg
Bevill	Don H.	Erlenborn
Blester	Collins	Everett
Bingham	Conable	Fallon
Bianton	Conte	Faylon
Blatnik	Corbett	Fascell
Boland	Corman	Feighan
Boiling	Culver	Findley
Bolton	Cunningham	Fino
Brasco	Daddario	Flood
Brinkley	Daniels	Flynt
Broomfield	de la Garza	Foley
Brotzman	Delaney	Ford, William D.
Broyhill, N.C.	Dellenback	Frelighuysen
Broyhill, Va.	Dent	Friedel

Fulton, Pa.	McClory	Robison	Long, La.	Pollock	Sisk
Fugua	McCloskey	Rodino	McCarthy	Pucinski	Skubitz
Galifianakis	McCulloch	Rosenthal	McDade	Rarick	Smith, Okla.
Garmatz	McEwen	Roth	McMillan	Reifel	Snyder
Gettys	McFall	Royal	Maconald,	Reinecke	Stanton
Gaimo	MacGregor	St. Onge	Mass.	Resnick	Stratton
Gibbons	Machen	Saylor	Mathias, Md.	Rcuss	Taft
Gonzalez	Madden	Schadeberg	Matsunaga	Rogers, Colo.	Teague, Calif.
Goodling	Mahon	Schneebeli	May	Ronan	Tenzer
Gray	Mathillard	Schweiker	Michel	Rooney, N.Y.	Thompson, N.J.
Green, Oreg.	Martin	Schwengel	Mlnshall	Rooney, Pa.	Tunney
Green, Pa.	Mathias, Calif.	Scott	Moore	Roudebush	Van Deerlin
Griffin	Mayne	Shipley	Moss	Rostenkowski	Utt
Griffiths	Meeds	Shriver	Murphy, N.Y.	Roush	Walker
Grover	Meskil	Sikes	O'Hara, Ill.	Rumsfeld	Wilson, Bob
Gude	Miller, Calif.	Slack	O'Konski	Ruppe	Wilson,
Hagan	Miller, Ohio	Stafford	Olsen	Ryan	Charles H.
Halpern	Mills	Staggers	Pepper	St Germain	Wolf
Hanley	Minish	Steed	Pettis	Sandman	Wyatt
Hanna	Mink	Stephens	Pickle	Satterfield	Zablocki
Hansen, Wash.	Mize	Stubbfield	Podell	Scheuer	
Harsha	Monagan	Sullivan			
Harvey	Moorhead	Taylor			
Hathaway	Morgan	Thompson, Ga.			
Hawkins	Morris, N. Mex.	Tiernan			
Hechler, W. Va.	Morse, Mass.	Tuck			
Heckler, Mass.	Moser	Udall			
Henderson	Murphy, Ill.	Ulman			
Herlong	Natcher	Vank			
Hicks	Nedzi	Vigorito			
Horton	Nix	Walde			
Hosmer	O'Hara, Mich.	Watkins			
Howard	O'Neal, Ga.	Watson			
Hull	O'Neill, Mass.	Watts			
Hunt	Ottinger	Whalen			
Ichord	Patman	Whalley			
Irwin	Patten	White			
Joelson	Pelly	Whitener			
Johnson, Calif.	Perkins	Widnall			
Johnson, Pa.	Philbin	Williams, Pa.			
Jones, Ala.	Pike	Wilm			
Jones, N.C.	Pirnie	Wright			
Karth	Poff	Wydler			
Kastenmeier	Price, Ill.	Ydler			
Kazen	Pryor	Yrigoyen			
Kelly	Purcell	Young			
King, N.Y.	Quie	Zion			
Kluczynski	Quillen	Zwach			
Kornegay	Railsback				
Kyros	Randall				
Latta	Rees				
Lennon	Reid, N.Y.				
Lipscomb	Rhodes, Ariz.				
Lloyd	Rhodes, Pa.				
Long, Md.	Rivers				
Lukens	Roberts				

NAYS—62

Abernethy	Esch	Morton			
Andrews, Ala.	Fountain	Myers			
Ashbrook	Gathings	Nelsen			
Ayers	Gross	Nichols			
Battin	Gubser	Passman			
Bow	Haley	Poage			
Bray	Hall	Price, Tex.			
Buchanan	Hammer-	Reid, Ill.			
Burton, Utah	schmidt	Riegle			
Bush	Harrison	Rogers, Fla.			
Byrnes, Wls.	Hutchinson	Scherle			
Cederberg	Jonas	Selden			
Chamberlain	Kleppe	Steiger, Ariz.			
Clawson, Del	Kuykendall	Steiger, Wis.			
Cleveland	Kyl	Talcott			
Collier	Laird	Teague, Tex.			
Curtis	Langen	Thomson, Wls.			
Davls, Wis.	McClure	Vander Jagt			
Denney	McDonald,	Waggoner			
Derwinski	Mich.	Whitten			
Devine	Marsh				
Eckhardt	Montgomery				

ANSWERED "PRESENT"—1

Stuckey

NOT VOTING—117

Adair	Conyers	Hamilton			
Ashley	Cowger	Hansen, Idaho			
Ashmore	Cramer	Hardy			
Bennett	Aspnall	Hays			
Bevill	Baring	Hebert			
Blester	Belcher	Helstokl			
Bingham	Conable	Hollifield			
Bianton	Fallon	Dwyer			
Blatnik	Blackburn	Edwards, La.			
Blatnik	Fascell	Hungate			
Boland	Feighan	Evans, Colo.			
Boiling	Culver	Jacobs			
Bolton	Findley	Jarman			
Briggs	Fino	Jones, Mo.			
Brock	Flood	Karsten			
Brooks	Flood	Kee			
Brown, Calif.	Flood	Kel			
Brown, Mich.	Flood	King, Calif.			
Brown, Ohio	Flood	Kirwan			
Burke, Fla.	Flood	Kupferman			
Burke, Fla.	Flood	Landrum			
Burke, Fla.	Flood	Leggett			

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. St Germain for, with Mr. Stuckey against.

Until further notice:

Mr. Hébel with Mr. Gerald R. Ford.

Mr. Holifield with Mr. Utt.

Mr. Aspinall with Mr. Teague of California.

Mr. Boggs with Mr. Adair.

Mr. Brademas with Mr. Snyder.

Mr. Long of Louisiana with Mr. Cramer.

Mr. Helstok with Mrs. Dwyer.

Mr. Brooks with Mr. Minshall.

Mr. Hamilton with Mr. Belcher.

Mr. Gilbert with Mrs. May.

Mr. Leggett with Mr. Bob Wilson.

Mr. Pucinski with Mr. Brown of Ohio.

Mr. Pepper with Mr. McDade.

Mr. Hungate with Mr. Pettis.

Mr. Ashmore with Mr. Berry.

Mr. Kirwan with Mr. Pollock.

Mr. Murphy of New York with Mr. Halleck.

Mr. Colmer with Mr. Brock.

Mr. Davis of Georgia with Mr. Keith.

Mr. Matsunaga with Mr. Reifel.

Mr. Olsen with Mr. Bell.

Mr. Farbstein with Mr. Michel.

Mr. Fisher with Mr. Reinecke.

Mr. Reuss with Mr. Rumsfeld.

Mr. Rogers of Colorado with Mr. Cowger.

Mr. Rostenkowski with Mr. Ruppe.

Mr. Stratton with Mr. Sandman.

Mr. Rooney of New York with Mr. Stanton.

Mr. Edwards of Louisiana with Mr. Blackburn.

Mr. Evans of Colorado with Mr. Skubitz.

Mr. Jarman with Mr. Wyatt.

Mr. Thompson of New Jersey with Mr. Brown of Michigan.

Mr. Tenzer with Mr. Taft.

Mr. Walker with Mr. Smith of Oklahoma.

Mr. Landrum with Mr. Burke of Florida.

Mr. Wolf with Mr. O'Konski.

Mr. Moss with Mr. Kupferman.

Mr. Tunney with Mr. Gurney.

Mr. Ashley with Mr. Gardner.

Mr. Jacobs with Mr. Hansen of Idaho.

Mr. Macdonald of Massachusetts with Mr. Mathias of Maryland.

Mr. Zablocki with Mr. Moore.

Mr. Van Deelin with Mr. Roudebush.

Mr. Charles H. Wilson with Mr. McMillan.

Mr. McCarthy with Mr. King of California.

Mr. Kee with Mr. Kafsten.

Mr. Pickle with Mr. Podell.

Mr. Fulton of Tennessee with Mr. Fraser.

Mr. Gallagher with Mr. Diggs.

Mr. Brown of California with Mr. Conyers.

Mr. Hays with Mr. Hardy.

Mr. Ryan with Mr. Dawson.

Mr. Sisk with Mr. Scheuer.

Mr. Roush with Mr. Resnick.

Mr. Ronan with Mr. Rarick.

Mr. Rooney of Pennsylvania with Mr. Satterfield.

Mr. CHAMBERLAIN and Mr. CEDERBERG changed their votes from "yea" to "nay."

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Mr. SMITH of California changed his vote from "nay" to "yea."

Mr. STUCKEY. Mr. Speaker, I have a live pair with the gentleman from Rhode Island [Mr. St GERMAIN]. If he had been present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. CUNNINGHAM. Mr. Speaker, I wholeheartedly support the conference report to accompany H.R. 14935, just concluded. I originally introduced legislation placing restrictions on the mail order movement of master car keys which passed the House overwhelmingly. The Senate added a provision which caused the matter to go to conference, and I wish to add that I also wholeheartedly support the addition to the bill made by the Senate committee and adopted by the conference committee. I was named a conferee on this legislation. The conferees met on a Monday and I was in my district on Saturday and Sunday preceding the conference. I fully intended to be present to vote in favor of this conference report, but due to travel irregularities I was not able to return in time. Had I been present I would have, as noted, agreed to the conference report and would have signed the report.

Having introduced legislation to stop the mail-order traffic in master car keys, which keys have greatly added to the number of car thefts in the Nation, I was pleased that this measure originally passed the House by a comfortable margin. I also was thoroughly familiar with the problem involving the wage board employees, which provision was added by the other body. I thoroughly support this provision, as noted above, and had it not been for my travel difficulties I would have been at the conference and signed the conference report.

CIVIL SERVICE RETIREMENT FINANCING

Mr. DANIELS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17682) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 17682, with Mr. McFALL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. McFALL. Under the rule, the gentleman from New Jersey [Mr. DANIELS] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr.

CORBETT], will be recognized for 30 minutes. The Chair recognizes the gentleman from New Jersey [Mr. DANIELS].

Mr. DANIELS. Mr. Chairman, I yield myself such time as I may require.

(Mr. DANIELS asked and was given permission to revise and extend his remarks.)

Mr. DANIELS. Mr. Chairman, I rise to urge my colleagues on both sides of the aisle, Democrats and Republicans, to give their strong support to the legislation before you today, H.R. 17682, the major purpose of which is to improve the financing and funding practices of the civil service retirement system, and to provide certain limited, but needed, improvements in the benefits structure of the system within the framework of the new financing approach.

It is a good bill, a sound bill, and the product of several months of intense work, study and consideration by the House Subcommittee on Retirement, Insurance, and Health Benefits in conducting extensive public hearings, executive sessions and conferences with official representatives of agencies of the legislative and executive branches:

The Honorable John W. Macy, Jr., Chairman of the U.S. Civil Service Commission.

The Honorable Philip S. Hughes, Deputy Director of the Bureau of the Budget.

The Honorable Elmer B. Staats, Comptroller General of the United States, and others.

This bill contains a six-pronged financing approach, the first three of which—dealing with normal cost, future unfunded liability, and the present unfunded liability—are the recommendations—the unanimous recommendations—of the honorable gentlemen whose names I just mentioned.

The remaining three provisions of the financing proposal dealing with future cost of living adjustments, Department of Defense reimbursement for military service, and Government agency reimbursement for unused sick leave, are the recommendations—the unanimous recommendations—of the members of the subcommittee which gave this legislation serious study and consideration. Also, I think the Members of this House should know that this bill was reported favorably by the full Committee on Post Office and Civil Service without a dissenting vote.

Therefore, H.R. 17682 is the product, in part, of the common effort of the officials of the Civil Service Commission, the Bureau of the Budget, and the General Accounting Office; and, in part, by the members of the Retirement Subcommittee whose devoted attention and energies have been directed to a most involved and complex subject.

During the debate on the rule for consideration of this legislation, the House's attention was directed to certain portions of Chairman Macy's views on the reported bill, as set forth in his letter of June 12, 1968.

I would invite the House's attention to the letter from the Chairman of the Civil Service Commission dated March 22, 1968, which appears on page 29 of the

report; and to that portion of his letter of June 12, 1968, appearing on page 31 of the report from which I quote:

Title I of the bill H.R. 17682 includes provisions for (a) employee-agency sharing of full normal costs, (b) 30-year amortization of newly created unfunded liability, and (c) permanent indefinite appropriations equal to interest on the unfunded liability attributable to already enacted legislation. If H.R. 17682 contained only these financing proposals, the Commission would endorse the bill and urge its early enactment.

Accordingly, the Commission, the Budget Bureau, and the Comptroller General support the major financing proposals of this bill. However, the committee does not concur with Chairman Macy's statement that the subcommittee's additional financing provisions do not strengthen the administration's proposals. As pointed out on page 16 of the report, the financing provisions added by the committee will have the effect of further increasing income to the fund and decreasing disbursements from the fund beyond that contemplated in the administration's approach. The fund balance will grow proportionately and the growth in the unfunded liability will become stabilized at an earlier date than otherwise anticipated.

I would also direct your attention to page 24 of the report which states:

The Civil Service Commission estimates that present employee-agency contributions of 18 percent of total payroll fall short by 0.86 percent of payroll in covering the normal cost of present benefits. By increasing the combined contribution rate to 14 percent (7 percent each from employees and agencies), annual income to the fund will be increased by approximately \$220 million (\$110 million from employees and agencies, respectively); \$190 million thereof is necessary to cover present normal cost, and \$30 million thereof will be sufficient to fully finance the normal cost of benefit liberalizations provided herein.

It is emphasized that any additional unfunded liabilities incurred under the provisions of title II of the bill will be covered by section 103(g) of the bill.

I want to publicly commend the ranking majority and minority members of the subcommittee—the gentlemen from North Carolina, Congressmen HENDERSON and BROTHILL, the gentleman from New York, Congressman HANLEY, the gentleman from Pennsylvania, Congressman JOHNSON, and the gentleman from Georgia, Mr. THOMPSON, for their contributions toward the development of a good and sound piece of legislation—H.R. 17682.

The Committee on Post Office and Civil Service believes that the civil service retirement system is one of its most important responsibilities. It is an essential part of a modern employment system designed to attract and retain employees of the caliber to conduct the complex business of government. It contributes importantly to the financial security of millions of past, present and future Federal employees and their dependents. There should never exist the slightest doubt of the system's ability to meet its commitments to these people.

The results of an in-depth study conducted by our standing Subcommittee on Retirement, Insurance, and Health

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Benefits over an extended period of time most assuredly attest to the fact that any doubt which exists as to the system's ability to meet future commitments is attributable to funding practices which have been grossly inadequate since the program's very inception in 1920.

Federal employees have always contributed the full amount set by law, but, while the Government has contributed substantial amounts to the trust fund, it has failed to appropriate regularly and systematically, on a concurrent basis, sufficient funds to met the ultimate cost not covered by employees' contributions.

Retirement system financing has been a problem of continuing concern to the Congress, to its respective committees, and to officials of the executive branch. The history of actuarial reports has indicated successively for a long time past an increasingly pessimistic view with respect to actuarial costs and liabilities under the escalating benefits and other liberalizations in the specifics of the retirement programs. In past years, several methods for determining appropriations to meet the Government's obligation to the system have been considered, and some have been adopted. However, the attitudes of various administrations, Congresses, and respective congressional committees has changed from time to time, but facing the problem realistically has been long delayed.

At the end of the fiscal year 1968 the unfunded liability of the system approached \$55 billion dollars. Under present financing practices, the unfunded liability will continue to grow by more than \$2 billion every year, sometimes much more. Upon full implementation—in the fiscal year 1970—of the latest salary statute, and subsequent cost-of-living annuity adjustments, the deficiency is expected to exceed \$60 billion dollars. By 1975 the disbursements will begin to exceed annual income of \$3½ billion. Thereafter disbursements will continue to escalate appreciably under a relatively static income, and result in a declining fund balance. Consequently, to meet benefit payments, all disbursements in excess of current income will have to be met from the fund balance. Without additional funding, that balance will be totally exhausted by 1988. Immediately thereafter, disbursements will exceed income by \$3½ billion, and will require direct appropriation to meet benefit payments.

During ensuing years, progressively higher amounts would be required until, at the turn of the century, the necessary direct appropriations will exceed \$4½ billion. These substantial sums, it is emphasized, will be an addition to the approximate \$3½ billion income received by the trust fund from then-active employee and agency contributions.

The historical pattern of employee-employer contributions to the retirement fund supports the conclusion that deficiencies—that is, accrued liability for which contributions to the fund have not been made—are the responsibility of the Government as the employer. The major causes of such deficiencies have been:

First. Creditable service for which neither the employee nor the employer contributed—such as free credit for military service, and for Federal civilian service during which the employee was not currently subject to the program.

Second, general wage increases which result in benefits based on a higher pattern of salaries than that upon which at least a portion of contributions is based.

Third, liberalizations applying to benefits based on past and/or future service without a commensurate increase in contributions.

Fourth, loss of compounded interest income which would have been earned if the accrued liability had been fully funded.

The Committee on Post Office and Civil Service feels strongly that, in furtherance of the objective of prudent management of the Government's financial affairs, it is important that the Congress provide a definite plan to improve the system's financing.

The major purpose of the legislation is to improve funding practices so as to maintain confidence in the soundness of the civil service retirement and disability fund, and to assure that the necessary money is available when needed to pay the annuities of Federal retirees and survivor annuitants—in full and on time. The legislation also provides certain limited, but needed, improvements in the benefit structure of the program within the limits of the new financing approach.

The bill contains a six-pronged approach, as follows:

First. Normal cost financing through equal employee-agency contributions is retained. Because of the inadequacy of current contributions, implementation of normal cost financing of the existing benefit structure—including the legislation contained in title II—requires an immediate 1-percent increase in the combined contribution rate from 13 to 14 percent of payroll, in the case of employees, and from 15 to 16 percent of payroll in the case of Members, effective in January 1969.

Further, the Civil Service Commission is authorized, when it determines an adjustment in contributions is necessary in the future to meet full normal cost attributable, primarily, to further liberalizations of benefits applicable to active employees, to notify the Congress of the proposed increase. The higher percentage rates, fixed at the nearest one-fourth of 1 percent, will become effective following 90 days of continuous session of Congress after such notice is given, unless before then either the House or the Senate has passed a bill providing a different adjustment or sharing ratio—which would preclude the contemplated action—or either body has passed a resolution specifically disapproving the proposed increase.

Second. The costs of future incremental unfunded liabilities which will result from benefit liberalizations for the active work force are to be fully financed by the Government through direct appropriations to the fund, in equal annual installments, over 30-year periods.

Third. Direct appropriations, under permanent indefinite authority, will be made to meet the Government's obligation for the presently increasing un-

funded liability which arises from legislation already enacted, including that created in title II of this legislation, in amounts equivalent to interest on the future accrued deficiencies. This responsibility will be fulfilled by transfers of moneys from the Treasury, beginning on a modest scale in 1971 and progressively increasing by 10 percent each subsequent year. In 1980 and thereafter, the amounts will equal the full equivalent of interest on the unfunded liability.

Fourth. Any future automatic cost-of-living adjustments and newly authorized annuity increases will be paid from the fund only until the end of the fiscal year which follows the fiscal year in which they may become effective. Direct annual appropriations will be required to continue their payment beyond that time.

Fifth. The Department of Defense, beginning in 1970, will be required to reimburse the fund annually for annuity costs attributable to crediting periods of military service.

Sixth. Employing agencies will be required to finance, as a payroll cost, the full cost of granting retirement service credit for unused sick leave—as provided in section 204 of the bill—by depositing into the fund the commuted retirement value of accrual estimated to be equal to 25 percent of cash value.

In the committee's judgment, this approach, while somewhat new in concept and mechanics, is sound and will accomplish the desired results by providing in full for the permanent financing of the civil service retirement system.

The legislation also provides for limited improvements in certain areas of the benefit structure of the retirement program. The normal cost and future financing of these changes are attainable within the realm of the preceding financing provisions:

First. To include as basic pay compensation given in addition to the normal base pay of a civilian position. It contemplates inclusion of all remuneration for personnel services—overtime, differentials, premium pay, and so forth—for purposes of deductions, agency contributions, and the computing of the average salary.

Second. To modify the average salary computation period from 5 to 3 years.

Third. To include for service computation purposes the length of service represented by the calendar value of unused sick leave to the credit of a retiring employee, or an employee dying in service and leaving a spouse or survivor eligible for annuity benefits.

Fourth. To add 1 percent to all future automatic cost-of-living percentage adjustments so as to compensate for the 5-month period elapsing between the Consumer Price Index attainment of a rise of 3 percent and the subsequent payment of the increase.

Fifth. To extend to all survivor annuitants whose remarriages occur on and after July 18, 1966, the amendment in Public Law 89504.

Mr. Chairman, the magnitude of the problem of retirement financing is such that it is imperative that Congress take action toward a prompt and positive solution. While the budgetary impact of this legislation will be sudden and sharp,

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It will, nevertheless, be far less drastic than if present financing practices continue unchanged.

In view of the urgency to enact a definite program of action to insure the system's ability to fulfill its future obligations, I strongly urge the adoption of H.R. 17682.

Mr. CORBETT. Mr. Chairman, I yield myself such time as I may consume.

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, I wish to compliment the distinguished gentleman from New Jersey [Mr. DANIELS] for the fine work that he and his subcommittee have performed on this very complex problem and I further wish to urge the House to overwhelmingly pass this bill, even in the face of assurances that it is not going to be taken up in the other body.

Mr. Chairman, there is no need of our getting into a long hard debate on this bill, because I am afraid that the job will have to be done all over again next year.

Mr. Chairman, there is no question that the retirement scheme of the financing must be overhauled and it must be made certain that payments to retirees are guaranteed in perpetuity.

Mr. Chairman, there are many conflicting opinions as to how the refinancing program should be changed. However, every agency concerned agrees that it can work with this bill if it becomes law. And, again, I strongly urge that it be adopted.

Mr. Chairman, there will be an amendment or two offered, one with which I am familiar and will support wholeheartedly; that is the one which takes away from the Civil Service Commission the power to change the rate of employee contributions when it deems it necessary or desirable.

Mr. Chairman, in many respects this is a day of reckoning for the Congress. As with anyone who consistently spends far in excess of income, and who neglects to provide for future contingencies, the day comes when he either faces up, gets his affairs in order, or suffers the consequences.

At the moment we must face up to the unpleasant prospect that a vital Federal employee fringe benefit, one which holds the promise for the future for many millions of persons, faces complete bankruptcy.

We must face up to the fact that the civil service retirement fund is \$55 billion in the red. The unfunded liability is growing by more than \$2 billion every year, and by 1975 disbursements will exceed annual income. The cash balance in the fund will be totally exhausted by 1988. Thereafter, if we are to continue to meet our responsibilities and obligations under the retirement program, we will have to make direct appropriations beginning with \$3½ billion a year, and escalating upward to nearly \$5 billion a year, 40 years from now.

We have also got to face up to the fact that this situation did not develop overnight, and that it is the product of years of inadequate financing, neglect, and mismanagement. While employees have always paid their full, fair shares of re-

tirement costs set by law, the Government has not done so.

We have, indeed, appropriated moneys to the fund from time to time, but we have not done so regularly and systematically, or in amounts sufficient to meet the Government's share of operating the program. Additionally, over the years we have enacted a succession of benefit liberalizations and pay raises for which we made no plans whatsoever to pay either the normal cost or the unfunded liability.

As a result of all this, we now must get our affairs in order, as contemplated by this bill, or suffer the consequences.

H.R. 17682 is the product of many months of study and work by the members of the Committee on Post Office and Civil Service. It is our answer to the many expressions of concern about the fund which have been voiced in this Chamber, and elsewhere, over the past few years, and it represents our commitment that the integrity of the civil service retirement system will be maintained, and that there will always be enough money in the retirement fund to permit payment of all benefits, in full and on time, to all past, present, and future Federal employees.

Mr. Chairman, there are probably as many methods, and schools of thought, with respect to financing the civil service retirement system as there are actuaries and economists in the country. Therefore, I think it is important to note that the major financing proposals contained in H.R. 17682 were carefully worked out with, and approved by, the Bureau of the Budget, the Department of the Treasury, the Comptroller General, and the Civil Service Commission. In the final analysis, these are the agencies which will have to live and work with any plan we enact.

I personally have reservations with regard to some of the proposals contained in this bill, and I must admit that I am not too optimistic that future Congresses will appropriate the massive sums of money every year that this bill contemplates. However, I do feel this legislation is a giant step forward in getting our affairs in shape, and I urge its prompt approval.

(Mr. MATHIAS of Maryland (at the request of Mr. CORBETT) was granted permission to extend his remarks at this point in the RECORD.)

Mr. MATHIAS of Maryland. Mr. Chairman, on June 19, 1968, I introduced several bills to improve the civil service retirement system; namely, H.R. 17983, H.R. 17984, and H.R. 17985, which were referred to the Committee on Post Office and Civil Service. I wish to add some comments at this time which underscore the need for action in this area.

H.R. 17983 would provide new length-of-service requirements for Federal employees who retire after age 55 and before age 60. Under present law, an employee may retire at age 55 with 30 years of service and at age 60 with 20 years of service. Thirty years of service is required between these ages. Thus, an employee, age 59, needs 30 years of service to retire while an employee, age 60, can retire after 20 years of service. This situation is remedied by H.R. 17983 which

provides a sliding scale for those retiring between age 55 and 60, as follows:

Service required

Age:	Years
55	30
56	28
57	26
58	24
59	22
60	20

H.R. 17682 as reported to the House by the Committee on Post Office and Civil Service contains no provision for new length-of-service requirements for Federal employees who retire after age 55 and before age 60. I submit that the need for such legislation is apparent and would be beneficial both to the Government and to the employees. More employees would choose to retire thus making room for younger people and increasing possibilities for advancement.

H.R. 17682 as reported by the committee is a constructive measure in many respects and reflects the careful study of the committee. However, my own studies as well as the views of Federal employee union leaders whose judgment I respect have indicated the need for prompt action in areas either not covered or covered partially by H.R. 17682. For that reason I have introduced these bills to plug up the loopholes—in fairness to the employees and survivors concerned as well as the best interests of the Government as an employer.

The next bill which I introduced on June 19, 1968, was H.R. 17984. Under present law, when an employee retires he must elect to receive a reduced annuity if he wishes to provide a survivor's annuity for his spouse. If his spouse should die first, he continues to receive the reduced annuity after his spouse's death. H.R. 17984 would provide for restoring the full-rate retirement annuity to the retired employee after the death of his spouse. It seems to me that it is highly improper to continue to collect from the retired employee for a benefit which would be inapplicable in his situation. In addition to the empty loneliness of being without his spouse, the retired employee must continue to pay for a survivor annuity under existing law. H.R. 17984 is based upon the principles of fairness and justice and corrects this obvious inequity. My bill also provides that if the retired employee subsequently remarries, he could provide a survivor's annuity for his new spouse by again electing to receive a reduced annuity and repaying the increased amounts paid to him after the death of his first spouse. H.R. 17682 contains some excellent retirement liberalizations; however, there are no similar provisions to cover these situations.

Mr. Chairman, the last of my current bills on this subject introduced on June 19, 1968, was H.R. 17985. This legislation would provide that retirement annuities of Federal employees would be computed on the basis of a high 3-year-average salary rather than on the high 5-year-average salary under present law. H.R. 17682 as reported to the House by the Committee on Post Office and Civil Service contains a similar provision. The plight of elderly retired Federal employees who are attempting to maintain themselves and their dependents after a

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lifetime of dedicated public service on their annuities points to the need for improvement in the present method of computing annuities. Various costs which hit these retirees the hardest are for such items as drugs, medical services and surgical appliances, among many others. Many retirees and survivors are existing at a marginal level because of inadequate annuities and rising living costs. Upon retirement Federal employees should be assured of decent annuities. Under the present law, basic annuities are based upon the following formula:

First, 1.5 percent of average salary multiplied by first 5 years of service, plus, second, 1.75 percent of average salary multiplied by second 5 years of service, plus, third, 2 percent of the average salary multiplied by years of service in excess of 10 years.

H.R. 17985 would compute the basic annuities on a straight 2 percent of the average service multiplied by years of service. H.R. 17682 does not contain such provision. The computation on a straight 2-percent basis would provide the Federal employee with an annuity more adequate to maintain him and his dependents during his retirement years. The employee who is engaged in hazardous occupations has his annuity presently computed on the basis of 2 percent and to follow the same ratio of the rate of computation my bill would increase the rate to 2.5 percent. This provision is not included in H.R. 17682.

Under the present law, the years of military and congressional service in the computation of a congressional employee's annuity on a 2.5-percent basis cannot exceed a total of 15 years of service. My bill would remove this inequitable restriction. H.R. 17682 has no such provision.

H.R. 17682 would make a number of changes designed to improve the financing of the retirement program of the Federal civilian service as well as to provide fringe retirement benefits. In order to meet the future increases in the cost of the retirement program H.R. 17682 would increase the contribution rate from 6.5 to 7 percent. My bill, H.R. 17985, would likewise increase the contribution rate from 6.5 to 7 percent. The indications are that the overwhelming majority of Federal employees would be willing to pay their share for added retirement benefits.

Another feature of H.R. 17985 is that it would apply the benefits of the Federal Salary and Fringe Benefits Act of 1966 to all remarriages of the spouse regardless of when the remarriage occurred or when Federal employment terminated. The said 1966 act contained provisions under which the survivor annuity of a spouse would not terminate because of remarriage after age 60 or if the survivor annuity is terminated because of remarriage before age 60, the annuity may be reinstated if the marriage is later terminated. These provisions apply under the present law if the employee was working for the Federal Government on or after July 18, 1966, and the remarriage occurs on or after July 18, 1966. H.R. 17682 would also apply the provision to all remarriages which occur on or after July 18, 1966, regardless of when the employee stopped working for the Federal

Government. There is inequity in a situation where the law permits one widow to remarry and retain her annuity but demands another widow to refrain from marriage or suffer the loss of her annuity, solely on the basis of a calendar date. My bill corrects this inequity.

I regard liberalization of Federal retirement benefits as essential if the Government wishes to retain qualified personnel now and in the years ahead. The bills which I introduced on June 19, 1968, would provide for improvements in the Federal retirement system which are vitally needed to update the system. My bills recognize that employees who have given years of faithful service to the Government are entitled to fair and decent annuities at the end of their careers.

Mr. CORBETT. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from North Carolina [Mr. BROTHILL], the ranking member of the subcommittee that handled this bill.

(Mr. BROTHILL of North Carolina asked and was given permission to revise and extend his remarks.)

Mr. BROTHILL of North Carolina, Mr. Chairman, the legislation before us, H.R. 17682, charts a sound and studied course to stabilize the financing and funding practices of the civil service retirement system, and I urge approval of the measure.

The major purpose of this legislation is to insure the integrity of the retirement fund so that the Government's obligations to Federal retirees and survivor annuitants will be met in full and on time. The construction of this bill, which is the result of extensive hearings, conferences, and executive committee sessions, fully meets that purpose.

The legislation also adds significant and needed improvements in the benefit structure of the retirement system.

The present condition of the retirement fund which has a current unfunded liability of more than \$55 billion and which will have exhausted its balance by 1987 at the present rate of benefit payments is the result of inattention and inadequate financing practically since its inception.

While Federal employees have always contributed the full amount set by law, the Government's share, over the years for one reason or another, has fallen short of the necessary amount to meet the ultimate costs of all of the benefits payable under the system.

As the committee report aptly points out, the historic pattern of employee-employer contribution to the retirement fund supports the conclusion that deficiencies are the responsibility of the Government as an employer.

This legislation would improve the financial structure of the system through the following steps:

Employee and agency matching contributions are increased from 6½ to 7 percent, effective in January 1969;

The Civil Service Commission is authorized to adjust the rate of contribution as necessary to meet the normal cost of retirement benefits, subject to veto action by the Congress;

The Government shall through appropriations hereafter pay the increases in the unfunded liability created by any new

or liberalized benefits, increases in annuities, interest on the unfunded liability, and the cost of crediting military service.

The bill also establishes a systematic method of stabilizing the unfunded liability of the retirement fund.

Benefits to annuitants under the civil service retirement system are improved in several ways under this legislation.

A key feature is a reduction from the highest-5- to the highest-3-year earning period determining average salary for annuity computation purposes. The resultant annuities under this formula will be more favorable and in my opinion are completely justified and overdue.

This legislation also provides that overtime and other compensation payments be included in determining an employee's basic pay. I fully agree with the committee that overtime, differentials, and premium pay should rightfully be included in determining the average pay in the computation of the annuity benefit.

In addition to these improvements, H.R. 17682 creates a system of crediting unused sick leave for retirement purposes and provides for the continuation or restoration of a survivor annuity when the survivor is remarried on or after July 18, 1966. This latter feature eliminates a troublesome inequity in present law.

Mr. Chairman, I believe that H.R. 17682 reflects sound legislative action to stabilize and preserve the integrity of the civil service retirement fund and I strongly recommend its prompt approval.

Mr. DANIELS. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from North Carolina [Mr. HENDERSON].

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Chairman, the chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, the gentleman from New Jersey [Mr. DANIELS], indeed, deserves the gratitude of all Federal employees and annuitants who have a vested interest in their retirement system, for the deep concern and great courage he has displayed in dealing with a serious and complex matter which has been neglected far too long. Our colleague has described in detail the features of the committee's proposal for the future financing of the civil service retirement system, and the modest improvements in benefits proposed therein.

The real problem of retirement financing, as I see it, is primarily one of budgetary and legislative responsibility. Responsible procedures require that the full retirement system costs involved in Federal program and legislative actions be fully disclosed and the necessary steps be taken to cover those costs when program and legislative decisions are made.

It is useful, I believe, in considering the budgetary and overall financial aspects of H.R. 17682, to think of it in three basic parts:

First, current service liabilities. Each year's service by each Federal employee adds to the future benefits which the retirement system must eventually pay out. Since the employee only contributes part of these benefits through a payroll de-

duction, the remainder must be paid by the Federal Government.

Each man-year of Federal employment, therefore, has a retirement cost attached to it which is just as truly an employment cost as the wages and salaries currently paid out. To the extent that the sum of the Federal and employee current contribution rate covers actuarial costs, the retirement benefits covered by each current man-year of employment "pay for themselves" and add nothing to the unfunded liability of the retirement fund.

Second, the potential increase in unfunded liability for past service, caused by pay raises and liberalizations of retirement benefits. Every time a Federal pay raise is enacted, the retirement value, and the cost, of the past service of Federal employees is increased. After a pay raise, all the past years of service will be multiplied against a new and increased high average salary in determining retirement benefits. Automatically, the cost to the Federal Government of future retirement payments increases, and none of the increase is covered by employee contributions. Similarly, when benefit liberalizations are enacted, or current annuitants given a benefit increase, or new groups blanketed into the retirement system, the value of future retirement payments increases. Unlike the first category—currently accruing liabilities—these costs are not related to the current level of employment, but simply reflect the impact of pay raises or benefit liberalizations on past service. It is worthy of noting that each \$1 of general pay increase entails a retirement cost of \$2.50.

Third, the unfunded liability which now exists because the civil service retirement system was not adequately funded in past years. Even if the Federal and employee contribution rates were sufficient to cover fully the currently accruing liabilities, and even if appropriations were made to cover the increase in unfunded liabilities due to future pay raises or benefit liberalizations, the retirement system would still have a large and growing unfunded liability. This arises from the fact that in prior years the retirement system was not funded to cover its full actuarial costs. And since the fund is far below the full actuarial level, it foregoes interest payments each year which add still further to the actuarial deficit.

There, then, are the three major financing aspects of the retirement fund, and each of these aspects is covered by this legislation, in the light of sound budgetary and financial principles.

It is essential to good budgeting that each Federal program be judged and evaluated in the light of its full costs. Each man-year of civil service employment represents a cost to the Federal Government, not only in terms of direct wages and salaries, but also in terms of what that man-year of employment adds to the cost of the retirement system. Federal agency contributions, together with employee contributions, should therefore cover the full amount of what each current year's service by a Federal employee adds to retirement costs.

At the present time, the normal cost of each year's service by a Federal em-

ployee amounts to 13.86 percent of his salary. Further changes in the system recommended by the Committee on Post Office and Civil Service will raise normal cost to 13.93 percent. The combined agency-employee contribution amounts to 13 percent, almost a full percentage point lower than full-cost coverage would require. As a consequence, the bill specifies a contribution rate of 7 percent for Federal agencies and 7 percent for employees, and a corresponding one-half-of-1-percent increase with respect to Members of Congress, to cover the full normal cost of present benefits and those contemplated in this legislation, beginning in January 1969. Thereafter, the committee's recommendation provides for future contribution adjustment which imposes a discipline whereby the normal cost of future liberalizations will be recognized and financed on a pay-as-you-go basis.

This latter provision has given rise to some expressions of fear that the Civil Service Commission may arbitrarily propose further increases in employee contributions—a fear which, in my opinion, has no foundation. It is inconceivable, within the terms of this particular provision, that the Commission could justify a proposed increase without explicitly attributing such justification to a subsequent and specific action of the Congress. Moreover, any possible arbitrary motivation would necessarily be tempered, first of all, by the fact that agency contributions would be proportionately increased; and, secondly, by the possibility—as contemplated in the bill—that Congress may prescribe a sharing ratio other than 50-50 on such an occasion.

It is emphasized that requiring employees to share the normal cost on an equal basis does not mean that employees are paying half the cost of the retirement system. Continuing improvements in salary rates and benefit liberalizations have increased—and undoubtedly will continue to increase—the retirement value of past service, whose cost the Federal Government bears fully.

The principle of full-cost coverage for currently accruing service liabilities is not so much a matter of financing, but of full-cost disclosure. We ought to know what the full costs of any Federal program are. Even if the entire Federal retirement system were on a "pay as you go" basis, principles of good budgeting would require that in making evaluations of Federal programs we "impute" a retirement cost of each Federal employee hired.

Of equal importance is that aspect of funding which relates to increases in past service liabilities. Here again, full-cost disclosure is important. When the Executive considers, for transmission to Congress, and when the Congress itself considers pay increase or benefit liberalization legislation, these considerations should be based on a full awareness of the future costs to the taxpayer of the increased retirement payment which will result from the proposed actions. Every pay raise and benefit liberalization has a pricetag for increased retirement payments on past service. Those additional payments will be a cost to the taxpayer. The pricetag should be known and action

taken to meet it each time legislation is proposed and enacted. H.R. 17682 makes provision for handling this situation by amortizing such additional costs by appropriation payments into the fund scheduled to relatively coincide with outflow from the fund.

Of paramount importance is that aspect relating to the unfunded liability which has already been incurred, and to be further incurred, by failure to practice full-cost funding in prior years. As pointed out in the committee's report on this legislation, the system's existing \$55 billion unfunded liability, while being substantially affected by consistent liberalizations, recurring salary increases, and annuity adjustments, is largely attributable to the loss of interest on the deficiency—an amount that today approximates \$1 and three-fourths annually.

The Board of Actuaries of the civil service retirement system has repeatedly recommended that the Government, with respect to the system's deficiency, do no less than appropriate the amount of accruing interest thereon. The committee does, indeed, concur with the actuaries that the existing unfunded liability should not be allowed to continue to soar by reason of the system's not being fully funded in terms of complete actuarial costs. H.R. 17682 provides for minimizing further "loss of interest" growth, and for the stabilization of those deficiencies within the next decade.

Mr. Chairman, the Government's financial obligation is clear. The Government's recognition of, and action to meet, that obligation is imperative. The situation has been studied intensively during the past few years by the Civil Service Commission, the Bureau of the Budget, the Cabinet Committee on Federal Staff Retirement Systems, and the Board of Actuaries and has been discussed extensively with congressional committees. It is time, now, that Congress face the problem realistically and adopt a definite program to meet that problem. Such a program is offered in this bill. I urge this body's full support and unanimous adoption of H.R. 17682.

Mr. CORBETT. Mr. Chairman, I now yield 2 minutes to the gentleman from Washington [Mr. PELLY].

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, H.R. 17682 is to strengthen the financial soundness of the civil service retirement system. For years, I have advocated some such action. When I started calling for the Government to meet its obligation to the retirement system, the fund was owed some \$40 billion by the Government, and since then Federal payments are further behind so that Uncle Sam is delinquent at least \$55 billion. So, I strongly favor the establishment of a plan to restore the integrity of the civil service retirement system.

I note that both the Civil Service Commission and the Bureau of the Budget, which in reality is the President, oppose this bill in its present form. For this reason, I am sure it will never be enacted into law. I note too, that during consideration of the rulemaking this bill

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in order, it was stated that any action by the House would be a complete exercise in futility because the Senate has not even held committee hearings on it, nor is any such hearing intended before the close of the 90th Congress. For these and other reasons, I did not support the rule.

However, since I approve of much which this bill would accomplish, and since the legislative record of today's debate may implement action in the next Congress, I intend to support this bill today. Perhaps passage of this measure will point up, if nothing else, the dire need for Congress to come up with a long range proposal to fund the civil service retirement and disability fund.

Meanwhile, I regret that the Johnson-Humphrey administration has failed to offer and support a program along the lines of H.R. 17682.

Finally, I believe increased benefits for retired civil service workers, as provided in this bill, are very much needed.

I urge passage of H.R. 17682.

Mr. DANIELS. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the committee, the gentleman from New York [Mr. DULSKI].

(Mr. DULSKI asked and was given permission to revise and extend his remarks.)

Mr. DULSKI. Mr. Chairman, I rise in support of H.R. 17682. First, I wish to commend the distinguished chairman of the Subcommittee on Retirement, Insurance, and Health Benefits, the gentleman from New Jersey, Congressman DOMINICK V. DANIELS, for the leadership he has demonstrated in bringing before the House a bill which embodies the subcommittee's major legislative effort of this session of the 90th Congress. The bill was reported by the Committee on Post Office and Civil Service without a dissenting vote.

The continual deficiency increases in the civil service retirement and disability fund ultimately will deplete the fund unless action is taken to forestall this tragedy. Thereafter, direct appropriations will be required each year, in addition to employee and employing agency contributions, in order to meet benefit payments as they fall due. Unless steps are taken to eliminate, or at least halt the growth of the unfunded liability, the fund balances will be drawn down and substantial direct appropriations will be required to meet future obligations.

H.R. 17682 proposes—

A system to meet full estimated costs of retirement, including costs of present benefits, costs of benefits already earned but due to be paid in the future;

To provide for costs of benefits resulting from future legislation, including general pay increases, and ease the impact of these costs on the budget for several years into the future;

To increase contribution rates of employees and agencies in January of 1969, and thereafter as required by future liberalizations, to cover normal cost of the benefits in effect;

To provide a measure of "braking" effect on pressures for undue liberalizations;

To control, and eventually stop, growth of the unfunded liability;

To keep fund receipts ahead of disbursements, and prevent depletion of the fund;

To prevent excessive buildup of the fund in advance of actual need for the money; and

To assure payment of earned benefits, in full and on time, without awaiting appropriation action to provide funds for benefits already due.

Our colleague, the chairman of the subcommittee, has cogently set forth the dimensions of the critical problem of financing this important program, and has presented, concisely, and clearly, the committee's program of action to resolve that problem.

Mr. Chairman, I urge the adoption of this vitally important legislation.

Mr. DANIELS. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. DENT].

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, I have asked for these three minutes first of all to say that I am supporting the proposal as it is before us. However, I would say that the time has come when we must do a little straight thinking on the matter of improved governmental pensions as we differentiate between Government pensions, service pensions, pensions in private enterprise, and pensions in individual annuity plans.

As chairman of the General Labor Subcommittee, I have the duty to study and to research the 1,255,000 individual private and industrial pensions plans in the United States, and I find that there are many differences in the plans and that each of them have at least two or three different principles and concepts that make them questionable as to whether those who are paying into the funds are receiving their just return.

In making these studies we were asked if we would look into the so-called member's pension fund. In looking over the member's pension fund, we discovered some very strange figures that seem to have escaped the notice of those who have the authority over the civil service funds.

Out of over 800,000 pensioners right now under the Government pension plan there are only 235 Members of Congress who are retired.

In figuring out the amount of money paid in, I find that in the 21 years which we have the statistics on, for the first 9½ years the Government did not pay one cent of its contribution to the Members' pension fund. Yet, we have been able by contributions of Members alone to have carried the load to the extent we have paid \$15,214,000 in benefit payments to all the retirees and their families we have paid from the fund.

In the meantime we have also increased the payments to retirees who were under contract prior to the increased benefit payments under the 1957 amendments and we find we increased the payments to those who retired prior to 1959 by over 55 percent without any additional contributions being made.

Yet, we have been able to carry that load plus adding to the survivor benefits. We have been able to carry that load with the payments made by the Congress, and still have a surplus in our own individual fund at the same time of well over \$12,000,000.

If you study these figures—and I had the civil service people themselves make out this evaluation—if the Government had paid its share into the Members' fund, separate and distinct from the regular civil service fund, which incidentally can be figured a little more realistically than ours can be simply because there is a measure of security in employment in the civil service whereas there is no guarantee or tenure in the Congress—if they were to pay their share—and if we would have had a 5-percent interest rate during those years, which was available—we would have had a surplus at this time of \$25,800,000 in the Members' fund.

This Committee should study the Members' fund separately, in my humble opinion, while they are doing the job they are trying to do to bring the public employees fund into what they call a fiscal responsible basis. They must also recognize there should be a separation of the two funds, because there is little relationship between the Members' fund and its payments in and out of the total fund and the public employees fund as it is operated under the civil service. We are now receiving an interest rate, mind you in 1967, of 3.81 percent and we received 3.94 percent in 1947 when we started. We receive less interest and it is not compounded but is an annual rate of interest than what we received 21 years ago when they started the fund.

Study will show that the pension of Members should be separated and it ought to be made solvent and not based upon the theory of private insurance companies because private insurance companies sign an annuity contract on the basis that every person who takes out the contract is going to live the full number of years and receive the full benefits. Congress does not operate on that basis.

Congress and other public funds do not operate to make profits for stockholders are not used to build up portfolios, equity holdings, and other capital acquisitions which allow the payment of interest to policyholders and dividends to stockholders.

A public service fund need not carry the full insurance reserve that stock companies carry.

The public funds can and will operate soundly on a flat reserve of a limited number of years benefits in the fund reserve and an automatic increase in contributions if the fund drops below a set floor of reserves.

It must be a pay-as-you-go plan such as social security and most State plans now in existence.

Mr. CORBETT. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SCOTT], a member of the Subcommittee on Census and Statistics.

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

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Mr. SCOTT. Mr. Chairman, I rise in favor of the bill.

I do not think there is any doubt among the membership of this body that its retirement fund should be actuarially sound. Certainly, few of us can disagree with the statements we find in the report to indicate the need for this.

The fact that the fund may be depleted by the year 1988, I believe it is, and I do not think we can disagree with the provision that is on page 7 which would credit the fund with sufficient money to make it actuarially sound by 1980.

In the committee when this bill was being considered, I offered an amendment that would provide that for optional retirement of Government employees with full annuity after the 30 years of service regardless of age.

I still think this is a good amendment and I would hope that something of this nature could be done. But it has been offered previously on the floor of the House during this Congress and it has been defeated. I do not intend to do a futile thing and offer it as an amendment this year to the present bill. But let us hope it will be successful in the future.

But there is another objection, it seems to me, to this bill, and that is the one that would transfer to the Civil Service Commission the power to set the rate of deductions from the employee's salary. I believe that is a function of the Congress. The Congress should take the action that puts the funds on solid ground. Even though the bill would permit the Congress to reverse the Civil Service Commission or to veto its action in 90 days, it seems to me that this would be a surrender of the legislative function to an independent agency of the Government. At the proper time I shall offer such an amendment.

Certainly with as many civil service employees as are in my district, I am going to support the bill and vote for it whether the amendment is adopted or not. But I would hope that the Members of this body would give serious consideration to an amendment providing that we would not delegate a legislative function to the Civil Service Commission. Not only would this permit the deductions that would be made from employees' salaries, but it would permit the Civil Service Commission to fix the amount of deductions from Members' salaries, and I just do not think that that is good. I shall speak further on the subject at the time the amendment is offered.

Mr. DANIELS. Mr. Chairman, I should like to ask the gentleman from Pennsylvania if he desires to use any more of his available time.

Mr. CORBETT. Mr. Chairman, we have no further requests for time.

Mr. DANIELS. Mr. Chairman, I have just one additional speaker. I yield such time as he may desire to the gentleman from New York [Mr. HANLEY].

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Chairman, this measure is designed to strengthen the financial condition of the civil service retirement system—a program in which all Federal civilian employees and re-

tirees, and their families, have a vital stake.

All of the Government's several staff retirement systems are costly and, even without the liberalizations advocated by employees and retirees, costs are soaring. Benefits already earned but not yet payable will, in a few years, require additional appropriations amounting to billions of dollars annually. Rising costs of living, to which benefit adjustments are now tied by law, will add billions more to the future liability. So will future salary adjustments. Retirement system financing has, therefore, become a major problem to executive branch officials and to Congress, as well as a matter of serious concern to thousands of individuals who fear that the economic security they have been counting on for their old age is slipping away.

Against this general background, facing the need for decision on a specific financing proposal is imperative. Methods of financing and funding Federal retirement systems vary: some are contributory, some—technically at least—are noncontributory; some are fully funded, some partially funded, and some are pay as you go. While disagreement continues unresolved over the extent to which the individual employee should share retirement costs, and over the best approach to financing, methods of resolving these problems will have a tremendous impact on the budget of the Government.

Clearly, no one social or economic philosophy can adequately explain all of the changing currents of the retirement movement. The society in which the civil service retirement system was originally designed was relatively static; today's society is characterized by a dynamism that we have not yet learned to assess adequately, much less cope with, and the system shows the strains of the continuing effort to accommodate to this dynamism.

It attempts to cope with a particular set of employment conditions specific to most, but not applicable to all, who serve the Nation's largest and most diversified employer; it must continue to meet those special conditions if retirement is to serve its purpose for these employees and make a positive contribution to the Government's missions.

It attempts to balance divergent interests, accommodate conflicting values, and adjust to continually changing manpower needs and policies; it must continue to do so because that is what our democratic system demands of its public institutions.

It is costly because, despite its various inadequacies, it is essentially generous; it must remain so if the Government is to be a responsible employer.

The public hearings held by the Subcommittee on Retirement, Insurance, and Health Benefits, together with the considerable volume of correspondence it received, presented an opportunity to give appropriate consideration to a number of topics for study. Our major findings and recommendations are summarized in the committee report accompanying this legislation.

The provisions for financing and funding the civil service retirement system has been designed so as to—

First, require Government and employees to share normal costs, including those resulting from future liberalization of benefit provisions;

Second, identify clearly and recognize Government's responsibility for other costs, including those for past service liability and those for postretirement adjustment of benefits; and

Third, provide for maintenance of the retirement fund at a level sufficiently high to assure that all retirement benefits can be paid promptly as they fall due.

This legislation will completely cover normal cost, will automatically neutralize prospective causes of future financial deficiencies as they occur, and ultimately will stabilize the existing unfunded liability of the program. The mechanics of the legislation will require virtually full disclosure of retirement costs and explicitly allocate responsibility for such costs to, first, employees and agencies jointly, second, agencies only, and, third, Government, as distinct from agencies.

Mr. Chairman, in order that there is no question as to the ability of the civil service retirement system to fulfill its future obligations to Federal employees and annuitants, I urge the adoption of H.R. 17682.

Mr. DANIELS. Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

H.R. 17682

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—CIVIL SERVICE RETIREMENT FINANCING

Sec. 101. Section 8331 of title 5, United States Code is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting a semicolon in lieu thereof; and

(3) by adding immediately below paragraph (16) the following new paragraphs:

"(17) 'normal cost' means the entry-age normal cost computed by the Civil Service Commission in accordance with generally accepted actuarial practice and expressed as a level percentage of aggregate basic pay.

"(18) 'Fund balance' means the sum of—

"(A) the investments of the Fund calculated at par value; and

"(B) the cash balance of the Fund on the books of the Treasury.

"(19) 'unfunded liability' means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Members, subject to this subchapter, and to their survivors, over the sum of—

"(A) the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf; plus

"(B) the present value of Government payments to the Fund under section 8348 (f) of this title; plus

"(C) the Fund balance as of the date the unfunded liability is determined."

Sec. 102. Section 8334 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) For pay periods beginning after December 31, 1968, the employing agency shall deduct and withhold 7 percent of the basic pay of an employee and 8 percent of the basic pay of a Member. An equal amount shall be contributed from the appropriation or fund used to pay the employee or, in the case of an elected official, from an appro-

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priation or fund available for payment of other salaries of the same office or establishment. When an employee in the legislative branch is paid by the Clerk of the House of Representatives, the Clerk may pay from the contingent fund of the House the contribution that otherwise would be contributed from the appropriation or fund used to pay the employee.

"(2) The Civil Service Commission shall determine when an adjustment in the percentage of deduction prescribed by paragraph (1) of this subsection is necessary to meet fully the normal cost of the benefits then in effect, and shall transmit notice of proposed adjustment to the Vice President and the Speaker of the House of Representatives. Any proposed adjustment shall become effective at the beginning of the first full pay period which commences at least 60 calendar days (of continuous session of Congress, computed in accordance with section 906(b) of this title) after transmittal of the notice, unless before that date—

"(A) either House of the Congress has passed legislation which provides for a different adjustment; or

"(B) either House of the Congress has passed a resolution which specifically disapproves the adjustment proposed by the Commission.

The same percentage adjustment, fixed at the nearest multiple of $\frac{1}{4}$ of 1 percent, shall be applied to each percentage prescribed by paragraph (1) of this subsection. Not more than one adjustment shall be proposed in any calendar year.

"(3) The amounts so deducted and withheld, together with the amounts so contributed, shall be deposited in the Treasury of the United States to the credit of the Fund under such procedures as the Comptroller General of the United States may prescribe. Deposits made by an employee or Member also shall be credited to the Fund."; and

(2) by amending subsection (c) to read as follows:

"(c) Each employee or Member credited with civilian service after July 31, 1920, for which retirement deductions or deposits have not been made, may deposit with interest an amount equal to the following percentages of his basic pay received for that service, plus each increase in the deduction percentage prescribed under subsection (a)(2) of this section for periods of service to which the increase applies:

Percentage of basic pay	Service period
Employee-- 2½--	August 1, 1920, to June 30, 1926.
3½--	July 1, 1926, to June 30, 1942.
5--	July 1, 1942, to June 30, 1948.
6--	July 1, 1948, to October 31, 1956.
6½--	November 1, 1956, to December 31, 1968.
7--	After December 31, 1968.

Member for Member service--	Service period
2½--	August 1, 1920, to June 30, 1926.
3½--	July 1, 1926, to June 30, 1942.
5--	July 1, 1942, to August 1, 1946.
6--	August 2, 1946, to October 31, 1956.
7½--	November 1, 1956, to December 31, 1968.
8--	After December 31, 1968."

Sec. 103. Section 8348 of title 5, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) There is a Civil Service Retirement and Disability Fund. The Fund—

"(1) is appropriated for the payment of—
"(A) benefits as provided by this subchapter; and

"(B) administrative expenses incurred by the Civil Service Commission in placing in effect each annuity adjustment granted under section 8340 of this title; and

"(2) is made available, subject to such annual limitation as the Congress may prescribe, for any expenses incurred by the Commission in connection with the administration of this chapter and other retirement and annuity statutes.";

(2) by striking out subsections (f) and (g) and inserting in lieu thereof:

"(f) Any statute which authorizes—

"(1) new or liberalized benefits payable from the Fund, other than any increase in those annuities which begin on or before the effective date of the increase;

"(2) extension of coverage to new groups of employees; or

"(3) increases in pay on which benefits are computed;

shall be held and considered to authorize appropriations to the Fund to finance the unfunded liability created by that statute, in equal annual installments over the 30-year period beginning at the end of the fiscal year in which the statute is enacted, with interest computed at the rate used in the then most recent valuation of the Civil Service Retirement System and with the first payment thereof due as of the end of the fiscal year in which the statute is enacted.

"(g) At the end of each fiscal year beginning with 1971, the Commission shall notify the Secretary of the Treasury of the amount equivalent to interest on the unfunded liability computed for that year at the interest rate used in the then most recent valuation of the System. Before closing the accounts for each year, the Secretary shall credit to the Fund, as a Government contribution, out of any money in the Treasury not otherwise appropriated, the following percentages of the amounts equivalent to interest on the unfunded liability: 10 percent for 1971; 20 percent for 1972; 30 percent for 1973; 40 percent for 1974; 50 percent for 1975; 60 percent for 1976; 70 percent for 1977; 80 percent for 1978; 90 percent for 1979; and 100 percent for 1980 and for each year thereafter. The Commission shall report to the President and to the Congress the sums credited to the Fund under this subsection.

"(h) Each annuity increase authorized by statute enacted after December 31, 1968, and each increase thereafter effectuated under section 8340 of this title, shall be paid from the Fund. Any such increase shall not be payable for any fiscal year which begins more than one year after the effective date of that increase unless and until an appropriation is made by the Congress to compensate the Fund for the cost, as determined by the Commission, of the increase for that fiscal year. For any fiscal year for which the appropriation is not made, benefits under this subchapter shall be determined and paid as though the increase had not been allowed. Nothing contained in this subsection shall prevent payment of any increase for any fiscal year for which the Congress makes the appropriation.

"(i) At the end of each fiscal year beginning with 1970, the Secretary of Defense shall pay into the Fund an amount, as determined by the Commission, sufficient to cover those annuity disbursements made during that fiscal year which are attributable to military service.

"(j) For each employee who has unused sick leave to his credit and who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity, the employing agency shall, under procedures prescribed by the Commission, pay into the Fund an amount equal to 25 percent of the employee's final hourly pay rate multiplied by the number of hours of unused sick leave to his credit."

Sec. 104. The proviso under the heading "CIVIL SERVICE COMMISSION" and under the subheading "PAYMENT TO CIVIL SERVICE RETIREMENT AND DISABILITY FUND" in title I of the Independent Offices Appropriation Act, 1962 (75 Stat. 345; Public Law 87-141), is repealed.

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

Sec. 201. Paragraph (3) of section 8331 of title 5, United States Code, is amended—

(1) by striking out subparagraphs (B) and (C) and inserting in lieu thereof the following:

"(B) remuneration for service performed as an employee to whom this subchapter applies;";

(2) by striking out "overtime pay,"; and

(3) by striking out "pay given in addition to the base pay of the position as fixed by law or regulation except as provided by subparagraphs (B) and (C) of this paragraph".

Sec. 202. Paragraph (4)(A) of section 8331 of title 5, United States Code, is amended by striking out "5 consecutive years" and inserting in lieu thereof "3 consecutive years".

Sec. 203. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339(1) of this title."

Sec. 204. Section 8339 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(1) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity shall include the days of unused sick leave to his credit, except that these days shall not be counted in determining average pay or annuity eligibility under this subchapter or in computing service under section 8342(h) of this title".

Sec. 205. Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by".

Sec. 206. The provisions of subsections (d)(3) and (g) of section 8341 of title 5, United States Code, shall apply in the case of any widow or widower who shall have remarried on or after July 18, 1966, and immediately prior to such remarriage was receiving annuity from the Fund, except that no annuity shall be paid by reason of this section for any period prior to the enactment of this section. No annuity shall be terminated solely by reason of the enactment of this section.

Mr. DANIELS (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

Mr. DANIELS. Mr. Chairman, I ask unanimous consent that the committee amendments printed in the reported bill be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

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The Clerk read as follows:

COMMITTEE AMENDMENTS

On page 2, lines 8 and 13, strike out the period and insert a semicolon in lieu thereof.

On page 4, lines 1 and 2, strike out "Vice President" and insert in lieu thereof "President of the Senate";

On page 4, line 5, strike out "60" and insert in lieu thereof "90";

On page 6, line 6, insert the word "the" immediately after the words "in connection with"; and

On page 8, line 20, immediately after the period insert quotation marks.

On page 10, line 21, strike out "(d)(3)" and insert in lieu thereof "(b)(1), (d)(3)".

The committee amendments were agreed to.

AMENDMENT OFFERED BY MR. DANIELS

Mr. DANIELS. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. DANIELS: On page 10, strike out lines 10 through 17 and insert in lieu thereof the following:

"(1) In computing any annuity under subsections (a)-(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity shall, without regard to the limitation imposed by subsection (e) of this section, include the days of unused sick leave to his credit, except that these days shall not be counted in determining average pay or annuity eligibility under this subchapter. Amounts paid into the Fund by the employing agency under section 8348(j), based upon unused sick leave to the credit of an employee shall not be applied toward any deposit due under section 8334 of this title nor shall such amounts be deemed voluntary contributions for the purposes of this title."

(Mr. DANIELS asked and was given permission to revise and extend his remarks.)

Mr. DANIELS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, by direction of the Committee on Post Office and Civil Service, I offer this amendment to correct an inconsistency in section 204 of the bill.

The major purpose of section 204 is to grant a modest measure of recompense for unused sick leave to the credit of an employee who retires from Federal service by increasing his actual service by a period representative of the calendar value of such accruals.

Under the bill as reported, an employee retiring, for example, after completing 30 years of service and having 1 year of unused sick leave, would have his annuity computed as though he had performed 31 years of service; whereas, an employee retiring after 45 years of service and having 1½ years of unused sick leave—that is, 50 percent more service and 50 percent more sick leave accrual—would be accorded no recognition whatsoever for his conscientious and prudent exercise of the sick leave privilege.

To illustrate further, let us assume that each such employee has a salary of \$10,000. The former would be granted an annuity "payoff" of \$200 per year for his \$10,000 sick leave account; whereas, by virtue of the maximum annuity being encountered upon completion of 42 years' service, the latter would be granted absolutely nothing for his \$15,000 sick leave account.

This amendment, which was unanimously adopted by the committee subsequent to reporting the bill, would accord the 45-year employee treatment equivalent to that which we propose to extend to the 30-year employee. The amendment will preclude the creation of an inequitable and discriminatory situation, and I therefore urge its whole-hearted support.

SUBSTITUTE AMENDMENT OFFERED BY MR. CROSS FOR THE AMENDMENT OFFERED BY MR. DANIELS

Mr. GROSS. Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from New Jersey [Mr. DANIELS].

The Clerk read as follows:

Amendment offered by Mr. Gross as a substitute for the amendment offered by Mr. DANIELS: On page 8, line 13, add quotation marks and a period at the end thereof.

On page 8 strike out lines 14 through 20.

On page 9, beginning with line 20 and ending with line 17 on page 10, strike out all of sections 203 and 204.

And renumber the remaining sections accordingly.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I rise in support of the main purpose of this bill, which is to bring order out of chaos, toward making the employees' retirement fund sound, but I do take serious exception to two provisions of the bill. This is one of them, the crediting of sick leave to retirement, and the other being the handing over to the Civil Service Commission of the authority to fix the rate of deductions from payroll.

Mr. Chairman, the substitute amendment I have offered will strike from the bill all provisions relating to the crediting of unused sick leave for retirement purposes.

There is simply no justification for granting this type of "payoff," in this or any other type of legislation, to employees who do not use sick leave. Any kind of "payoff" for unused sick leave, whether in retirement credit or in cash, perverts the entire historical philosophy on which this fringe benefit is based.

Under present law, Federal employees accrue 13 days of sick leave a year with no limit on the amount of that leave which may be carried forward from year to year. It is entirely possible for an employee with 30 years service to have accumulated the equivalent of 1½ years sick leave.

The historical basis, and the underlying philosophy for the sick leave system, is that it is a type of insurance against loss of income during periods of illness. It is a privilege granted by an employer to an employee, and is not and never was intended to be a part of compensation.

Sick leave is provided to an employee not as an absolute, cash-equivalent benefit as in the case of annual leave, but rather on a contingency basis as a reserve for use only if needed.

Sick leave offers protection to employees against loss of income the same way casualty insurance does. It is paid out only when needed, and as with insurance, one hopes that he never needs

it. When an individual is fortunate enough not to need his accident or casualty insurance, he is certainly not entitled to have his premiums returned to him. At the same time nothing should be owed to an employee who does not use sick leave because he is fortunate enough not to incur illness or injury.

The provisions which my amendment would strike from the bill would completely reverse the basic concept of sick leave that has governed its use from the very beginning of the system in the Federal service.

The only argument that has been advanced in support of crediting unused sick leave for retirement is that employees would have an incentive to conserve sick leave, and that so-called abuses of the use of sick leave would be lessened. This argument simply does not stand up.

First of all, the sick leave problem has been studied carefully on numerous occasions by the Civil Service Commission, and each study has conclusively refuted the need or desirability for any kind of "payoff" to prevent alleged abuses. If there are abuses in the use of sick leave among individual employees and in the various agencies and departments, the problem should be attacked directly, and certainly not indirectly by means of offering an attractive enticement. The abuse of sick leave is a serious offense, and the offense should be dealt with and punished accordingly. It is absolutely incredulous that we would attempt to correct any alleged abuses by offering rewards in the form of increased retirement benefits.

In addition, Mr. Chairman, should this sick leave provision work as an incentive to conserve sick leave, it would have the effect among some employees of encouraging them actually to hoard sick leave by going to work even though they might be ill. The result, of course, would be that the employee would endanger both his own health, and that of his fellow workers.

There is another aspect to this problem that I think deserves consideration. If we are to reward the employee, who, through good fortune, enjoys good health and does not need to draw on his sick leave protection, what do we do with the employee who, through misfortune, does suffer ill health or an accident and must draw on his sick leave? The answer, of course, is that we do nothing in this bill for the unfortunate employee who has to draw on his sick leave, and we thereby create a monstrous inequity that will haunt the Federal personnel system and this Congress far into the future.

Mr. Chairman, the sick leave provision contained in this bill will increase Federal payroll costs by \$22 million annually. This is an additional payroll cost that is entirely unjustified and it is an expense that will not accrue to the benefit of all Federal employees—only to those who are fortunate to be healthy.

The so-called committee amendment to this section, offered by the gentleman from New Jersey, does nothing but make bad legislation worse. Under present law, no one who works for the Federal Government can retire on an annuity greater than 80 percent of his aver-

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age salary. This applies equally with uniformity, across the board to all employees, to all executives, and to all Members of Congress. But the amendment offered by the gentleman from New Jersey would permit certain employees to draw annuities greater than 80 percent of their average salaries whenever unused sick leave is credited.

Mr. Chairman, the sick leave provisions in this bill, which my substitute will eliminate, are vigorously opposed in formal reports to our committee by the Civil Service Commission, the Bureau of the Budget and the Post Office Department. They are costly, they are discriminatory, and they cannot be justified. I sincerely urge the adoption of my substitute amendment which will strike these provisions from the bill.

Mr. DANIELS. Mr. Chairman, I rise in opposition to the substitute amendment offered by the gentleman from Iowa.

In response to the gentleman, I would refer him to the colloquy between the members of the subcommittee and the representatives of the Civil Service Commission appearing on pages 120 through 128 of part II of our hearings. On that occasion, the Commission testified that the average use of sick leave Government-wide was about 8.3 days per employee. While the Commission felt that a basic policy issue was involved in the discussion, it was their reaction that if this additional incentive were provided, because it would provide for some additional benefit, there would be extra consideration given by the employees to the use of sick leave as it is earned. In response to a question as to how much the Government might save by providing this incentive with an estimated \$22 million annual cost, the Chairman of the Commission stated:

I think that probably the cost would be offset significantly by a lesser use of sick leave on an annual basis by employees. If we were able to reduce the average use from 8.3 days a year to, say, 7 days a year, that would represent a substantial savings.

In response to a further question as to how much of a saving might result to the Government, Chairman Macy responded:

If you got everybody to work one more day that would otherwise be spent on sick leave, \$90 million dollars would be a reasonable estimate.

It may also be well to invite the Members' attention to that part of Chairman Macy's testimony appearing on page 126 of the hearings wherein he indicates, informally, a relatively high order of priority of this particular provision.

In the discussion on this floor of the Monday holiday bill wherein Columbus Day was made a holiday, I am quite sure that the Members of this body will recall the debate. It was stated that in making Columbus Day a holiday it would cost the Government \$85 to \$90 million. If that were true then, it is just as true today that if we can conserve sick leave by 1 day, the Government will save \$85 to \$90 million less the cost of \$22 million to which the previous speaker alluded.

As cited on page 18 of the committee's report, bills have been introduced over the years to grant an employee a lump-

sum payment, in full or in part, for his accumulated sick leave account, similar to that which is paid for unused annual leave. The excessive cost of such plans have effectively precluded their adoption. In lieu thereof, the committee proposes a limited degree of recompense for unused sick leave by granting service credit equal to its calendar value. In essence, a retiree will receive, during his lifetime, a payoff equal to 25 percent of the actual cash value of his sick leave accruals. As stated in the report:

This legislation embraces a change in the basic historical philosophy underlying the sick leave system, and grants a limited recognition to those employees who have prudently utilized the sick leave privilege. It is expected that by providing a benefit as an additional incentive to conserve sick leave, there will be extra consideration given by employees, generally, to the use of the leave as it is earned. The total costs of crediting leave will be borne by the employer, but no actual retirement costs will be incurred. It is the consensus of the committee that such additional payroll costs will be significantly offset by the savings resulting from a reduction in the number of days of average sick leave usage throughout the Federal service.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Iowa [Mr. Gross] for the amendment offered by the gentleman from New Jersey [Mr. DANIELS].

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 27, noes 27.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. DANIELS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SCOTT

MR. SCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Scott: On page 3, beginning with line 21, strike out all of line 21 and all that follows down through the end of line 17 on page 4.

On page 4, line 18, renumber subparagraph (3) as subparagraph (2).

(Mr. SCOTT asked and was given permission to revise and extend his remarks.)

MR. SCOTT. Mr. Chairman, the entire purpose of this amendment is to provide that the Congress shall continue to set the rates of the deductions that are paid by the employee and by the members as well as by the Government, and all the contributions would be set by the Congress rather than by the Civil Service Commission as is provided in the bill as presently constituted.

Mr. Chairman, it seems to me that the Congress should determine the factors that go into the amounts of deductions. If the members of the committee will look at page 5 of the report they will find that some of the reasons why we have been experiencing a deficiency in the funding of the civil service retirement fund is that creditable service has been allowed by the Congress over the years when an employee or the Government has not contributed into the fund. We have been bringing additional people under civil service retirement who have not paid anything into the fund.

Then, Mr. Chairman, we have had general wage increases which have resulted in benefits based on a higher pattern of salaries to Government employees than that upon which at least a portion of the contribution is based. We have liberalized the benefits based on past or future services without a commensurate increase in contributions and the loss in compounded interest income which would have been earned if the accumulated liability had been fully funded.

Mr. Chairman, it seems to me that there are a number of matters in which the Congress is surrendering its prerogatives to legislate to the executive branch of the Government and here we are giving up our power to set the rates of deductions that the employees pay and that the Government pays to an independent government agency, to the Civil Service Commission. This I am sure we are aware is not a good thing to do. We have been elected by the people of this country to pass or to consider legislation and we should not give up this responsibility under the guise that the Civil Service Commission is more familiar with matters such as this than are we.

It is true that the bill provides that if we are not satisfied with the action which the Civil Service Commission takes we have 90 days during which we can veto the action of the Commission. However, Mr. Chairman, vetoes are something that should be preserved for the executive branch of the Government and not for the legislative branch. It seems inconsistent, Mr. Chairman, for the Congress to bring about conditions that create the need for the increases in rates and then not assume the responsibility for setting those rates.

Mr. Chairman, my amendment is designed to have the Congress retain its responsibility in this field.

Mr. Chairman, there are some who would equate the power to fix rates with the fact that we do have a trust fund that is not actuarially sound. The Congress has not at times faced up to its responsibility of appropriating the necessary funds that are required by law to be appropriated by the Congress. This bill does not compel the Congress to make contributions, it just says that the Civil Service Commission shall fix the rates when a change in the rate is necessary. This is a congressional responsibility.

Mr. Chairman, I urge that this amendment be adopted so that the prerogative of the Congress will be maintained.

MR. UDALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there is an old story about the cynical older Member of Congress who told a young man when he first came down here that the way to get ahead was to do two things: vote for all appropriations, and vote against all tax bills.

It seems to me that what has happened to the civil service retirement system over the last 20 years is a sham and a disgrace, and it is time we corrected it. This bill at long last will correct and make it sound, rather than bankrupt, which it will be in the next 5 or 6 years, if we do not enact specific legislation of this kind.

Mr. Chairman, this amendment if passed will put us right back into the

same old system. What the bill says now if we, the Congress, liberalize the retirement benefits, that automatically it is up to the Civil Service Commission to make the increase in the employee contributions effective. We will have the right to veto them if we do not like the way they put them in effect, or the size of the amount.

But this means once the bill is passed our civil service retirement system will then be put on a sound financial basis, so that it is not bankrupt, and then we will go right back to the same old system where Congress has to increase the employee contributions each and every time.

I can understand this if we were talking about their pay, the Members of Congress usually want to be the ones who put the pay increase into effect. And every time I propose in our committee some kind of an automatic pay increase system they say, "No, we should not delegate the pay increases. We the Congress should take credit for increasing the pay."

But I cannot understand how a man who runs for office wants to say, "We are going to retain the honor at all times and places of increasing the contributions of the employees to the retirement fund."

But I do not want to go home and make a speech to employee organizations and say, "Friends, I just got back from Washington, and I have voted to increase your contributions."

You know, two things are going to happen in this amendment, and that is either we will do as we have done in the last 20 years, and that is not act when we ought to act, and increase contributions and keep the funds sound, or else we will have to take care of them probably at every session of the Congress, or every two or three sessions of the Congress, and will have to vote and debate and argue about some kind of an increase of this sort, and we are simply not going to do it, and we are then going to slip back.

One of the chief controls against excessive increases in employee contributions is that under the terms of the law they are going to have to increase the agency contributions, so there is some safeguard here against these kinds of arbitrary increases that might be contemplated. The further safeguard is that if we do not like it we can veto it.

The job of the Congress is to make policy, and what we are saying in this bill is that it is the policy of the Congress that this fund is going to be kept sound. The policy hereafter is that the contributions of employees will be increased, and make it sound, keep the fund sound. Once we have made the broad general policy, we will keep it in effect.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Virginia.

Mr. SCOTT. I can certainly agree with the gentleman that we want to keep this fund sound, and I believe page 7 of the bill tends to do that where it provides that by 1980 there will be sufficient money credited to the fund to make it sound. But do I understand that the gentleman is saying that Congress would

determine the benefits that would be derived by the people when they retire, but we would not assume the responsibility of levying the necessary rates for the funding of this? Is the gentleman saying that the Members should not meet that responsibility?

Mr. UDALL. Members who are as fearless and as responsible and as intelligent as the two gentlemen having this dialog, of course, would do this. But other Members of the House might not, as history has shown in the past that they have not.

I fear that if we leave it to the Congress to increase benefits or increase the contributions to keep the fund sound, we will wind up doing exactly what just has been done in the last 20 years, for one reason or another.

Mr. SCOTT. If this bill passes, as proposed now by the committee, is there any assurance that the Congress will appropriate the necessary money when the commission fixes the rate? Is there not one step left? Does not the Congress have to appropriate the necessary funds?

Mr. UDALL. There have been some delays on the part of the Congress in that area too, as the gentleman knows, and that is part of the reason we are in the situation we are in now.

There are certain aspects of the bill presently that are automatic. But we will get back to where the money is put in before it is available. It is the same as the interest on the public debt. And we do not have to worry about slipping back. I think this amendment is an unwise amendment and defeats the very purpose of the bill.

Mr. Chairman, I ask that this amendment be voted down.

[Mr. CORBETT addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. Scott].

The question was taken; and on a division (demanded by Mr. Scott) there were—ayes 24, noes 32.

Mr. SCOTT. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. JONAS. Mr. Chairman, I move to strike the last two words.

I have been concerned about the condition in the Subcommittee of the Appropriations for some time, especially since we handle the funds for the Civil Service Commission in the subcommittee of the Appropriations Committee on which I serve. All of the members of the committee were disturbed when it became apparent that the unfunded liability of this fund was going up by leaps and bounds. I believe it is now in the range of \$50 to \$55 billion. We have been calling attention to it every year in the independent offices bill and urging that Congress take appropriate action to put this fund on a sound basis.

There are certain features of this bill that I thoroughly favor, and I congratulate the committee on making it crystal clear that future benefits will have to be provided for in appropriations. But I am disturbed to read what the Chairman of

the Civil Service Commission says about this bill. I had assumed that in this legislation we were taking care of the unfunded liability in the retirement fund. But I find that, according to Mr. Macy, this bill provides increased benefits and does not make any provision whatever for paying for them. If Mr. Macy is correct, this bill would create a \$3.3 billion increase in the unfunded liability. Is that correct? If so, how can you justify, in a bill designed to eliminate the problem we have with this fund, the creation of another unfunded liability of over \$3 billion?

Mr. DANIELS. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from New Jersey.

Mr. DANIELS. I am quite sure the gentleman from North Carolina was present during my initial presentation, at which time I pointed out that the present contribution of the employee and the Government agency of 6½ percent each make a total of 13 percent. The Civil Service Commissioner, the Budget Director, as well as GAO, have unanimously testified that the normal cost comes to 13.86 percent. There is a deficiency of eighty-six one-hundredths of 1 percent, which costs \$190 million a year. That is the deficit we are running into.

However, by increasing both the agency and the Government contributions to 7 percent each, making a total of 14 percent, we now have a surplus of \$30 million, because 1 additional percent raises \$220 million. Therefore, the differential of fourteen one-hundredths of 1 percent in the normal course permits us to give the benefits that we provide for in this bill.

Mr. JONAS. May I simply read the following paragraph from the letter of Mr. John W. Macy, Chairman of the U.S. Civil Service Commission, to the Honorable THADDEUS J. DULSKI, dated June 12, 1968, which appears on page 32 of the report:

Each benefit liberalization has a price tag. We estimate that the liberalizations proposed by H.R. 17682, including the added 1 percent for the first annuity increase (but not for succeeding increases) would create \$3.3 billion in unfunded liability. Enactment of benefit liberalizations over the years, without adequate provision for financing, has contributed substantially to the problem which we are now trying to solve. The urgent need is for adoption of a sound financing plan, not for further benefit liberalization.

Is the gentleman telling me Mr. Macy is incorrect when he says this bill will create an additional unfunded liability of \$3.3 billion?

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(By unanimous consent, Mr. JONAS was allowed to proceed for 3 additional minutes.)

Mr. DANIELS. Mr. Chairman, if the gentleman will yield, I will say Mr. Macy is not incorrect. He is absolutely correct. But, as I pointed out, the present normal costs comes to 14.86 percent. By providing the additional benefits in this bill, we merely increase the normal cost by seven-tenths of 1 percent, or it will make a total of 14.93 percent. We still are within the 14 percent, that is the 7-percent con-

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tribution to be made by the employee and the 7 percent by the Government, making a total of 14 percent. But in addition thereto, there are two other features in this bill.

Mr. JONAS. Mr. Chairman, I did not ask the gentleman about any other features. I asked him if Mr. Macy's statement that this bill will add \$3.3 billion to the unfunded liability is correct, and the gentleman says it is correct.

Mr. DANIELS. It is correct, but we are providing for the financing of it in this bill.

Mr. JONAS. Is it true, I ask the gentleman, that not only is the Civil Service Commission opposed to this bill, but also the Bureau of the Budget is opposed to it?

Mr. DANIELS. That is not exactly true, because, if the gentleman recalls my statement when I took the floor, I pointed out there is a six-pronged approach to the funding of this obligation. Three prongs were unanimously recommended not only by Mr. Macy, but by the Director of the Budget and also by the General Accounting Office. But the subcommittee, in its wisdom, added three additional prongs to the financing of this fund.

Mr. JONAS. Mr. Chairman, I would merely point out that following Mr. Macy's letter in the report is one signed by the Assistant Director of the Bureau of the Budget in which he says the Bureau of the Budget recommends against favorable consideration of this bill.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(On request of Mr. Gross, and by unanimous consent, Mr. JONAS was allowed to proceed for 2 additional minutes.)

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, has the gentleman given any thought to the transferability of funds provided in this bill and what the interest rate will be on the money?

Mr. JONAS. Frankly, I came on the floor prepared to vote for legislation that would correct this situation we are in, which is intolerable and growing worse as the years go by, due to the failure of the Government to pay its part of the money into the fund. I wanted to be sure before the vote comes on this bill whether the statement of Mr. Macy is correct, that it will increase the unfunded liability by \$3.3 billion. If that is true—and I take it from the comments that it is true—it seems to me we are moving backward and, instead of improving the situation, we are worsening it.

Mr. GROSS. Mr. Chairman, I would have thought some of the members of the Appropriations Committee would have been very much interested in the transferability of funds provided in this bill and in the interest that is to be paid on the money.

Mr. JONAS. I am sure all members of the Appropriations Committee are interested just as all Members of this body should be interested. We are all interested in the welfare of the taxpayers, or should be.

Mr. GROSS. I agree with that, but, after all, the Appropriations Committee does approve the funds that go to finance the various activities of the Government.

Mr. JONAS. Mr. Chairman, that is correct; and I would say to the gentleman that is a feature of the bill I do not approve.

Mr. DANIELS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentleman is absolutely correct. There is \$3 billion added to the unfunded liability, but I say to the gentleman we provide for payment of it and are taking care of it by the payment of interest into this fund, starting in 1971 through 1980, at which time will be paid 100-percent interest on the fund. This will take care of the unfunded liability.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, the point the chairman of the subcommittee is making is that the whole thrust of this bill is to stabilize and make sound this fund. While the bill does increase the unfunded liability by \$3.5 billion, the three prongs financing and strengthening the fund will stabilize that \$3.5 billion, so that the fund is still in an absolutely sound position.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I am pleased to yield to the gentleman from North Carolina.

Mr. JONAS. I am seeking help here, and information. Can the gentleman tell me why it is the Civil Service Commission and the Bureau of the Budget do not feel this is sound legislation, as the gentleman now says?

Mr. DANIELS. I stated in my remarks earlier today, the Civil Service Commission, the Bureau of the Budget and the General Accounting Office were unanimous in their recommendation of three prongs of this six-pronged approach, but the subcommittee in its wisdom added three additional prongs, which not only stabilizes the fund but raises the money at an earlier date.

We do not believe the Civil Service Commission is absolutely correct in everything it recommends. After all, we Members of Congress have a judgment to make of our own independent of the findings of the Civil Service Commission. We have a right, and duty, to exercise what we believe is the proper judgment.

Mr. JONAS. I do not follow the recommendations of the people downtown. I just think the House deserves to know during this debate that the Civil Service Commission and the Bureau of the Budget both opposed this bill. I am trying to find out why.

Mr. DANIELS. Not in its entirety.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. DANIELS. I am happy to yield to the gentleman from Arizona.

Mr. UDALL. Where the gentleman's logic fails here is that there is a time gap. Originally the Civil Service Commission and the Bureau of the Budget commented on a proposal which had but three financing prongs. To meet those objections the committee added three more. It does not do any good to talk

about objections written and directed to a bill with only three prongs and apply them to a bill with six prongs.

Mr. JONAS. I will say to the gentleman that the letter from the Bureau of the Budget is dated not later than June 13, 1968. That is after the bill was drafted and in its present form. The letter states categorically that the Bureau of the Budget does not favor enactment of this legislation and it follows the recommendation of the Civil Service Commission.

That is worthy of consideration, but it certainly is not compelling.

Mr. SCOTT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was interested in the comments which were made by the distinguished chairman of the subcommittee to the effect that the Civil Service Commission was not infallible and that the Civil Service Commission could also make mistakes. That was in the tenor of the amendment I offered a few minutes ago, wherein the Congress would maintain its right to legislate.

It was pointed out at that time by others that the Congress did not seem to be able to know what rates should be provided to make this fund actuarially sound and that we had to go to the Civil Service Commission and have the Civil Service Commission tell us what the rate should be.

It seems to me there is a little bit of inconsistency in the argument which was made just a moment ago, compared to the argument that was made in opposition to my amendment.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McFALL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 17682) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, pursuant to House Resolution 1241, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. DANIELS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

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The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

**AMEND FEDERAL FARM LOAN ACT
AND THE FARM CREDIT ACT OF
1933**

Mr. POAGE. Mr. Speaker, I call up the bill (H.R. 19418) to amend the Federal Farm Loan Act and the Farm Credit Act of 1933, as amended, to expedite retirement of Government capital from Federal intermediate credit banks, production credit associations, and banks for cooperatives, and for other purposes, and ask unanimous consent that the Committee of the Whole House on the State of the Union be discharged from further consideration of the bill and that it be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill, as follows:

H.R. 19418

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 205(a)(1) of the Federal Farm Loan Act, as amended (12 U.S.C. 1061(a)(1)), is amended by adding the following two paragraphs at the end thereof:

"As to any class A stock held by the Governor of the Farm Credit Administration on behalf of the United States at enactment of this paragraph, the Governor may at any time require the bank to retire such class A stock if, in his judgment, the bank has resources available therefor, and he may accept in payment for such stock, such amount not in excess of par as in his judgment and with the concurrence of the Secretary of the Treasury represents a fair value of such stock, or such retirement may be effected upon delivery to the Governor of an amount of United States Government bonds the market value of which on the date of transaction represents the fair value of the class A shares as determined by the Governor with the concurrence of the Secretary of the Treasury.

"After all class A stock held by the Governor of the Farm Credit Administration on behalf of the United States has been retired from all of the Federal intermediate credit banks, and full private ownership has thus been achieved, short-term Federal investments in such class A stock to help one or several of the banks to meet emergency credit needs shall not be deemed to change this ownership status: *Provided, however,* That this sentence shall not alter the application of the Government Corporation Control Act, as amended (31 U.S.C. 841-870), and section 36(a)(3) of the Farm Credit Act of 1933, as amended (12 U.S.C. 11341(a)(3)) (relating to payment of a franchise tax to the United States if the bank has outstanding capital stock held by the United States)."

Sec. 2. (a) Section 6 of the Farm Credit Act of 1933, as amended (12 U.S.C. 1131c), is amended by adding the following sentence at the end thereof: "If an association is deemed not to have resources available to retire and cancel any class A stock held by the Governor in such association, but in the judgment of the Governor the Federal intermediate credit bank of the district has resources available to do so, the Governor may require such bank to invest in an equivalent amount of class A stock of said association and the association then shall pay the proceeds thereof

into such revolving fund in retirement of the class A stock held by the Governor."

(b) Section 16(a) of the Farm Credit Act of 1953, as amended (12 U.S.C. 1131e-1(a)), is amended by adding the following sentence at the end thereof: "If an association is deemed not to have resources available to retire and cancel any class C stock held by the Governor in such association, but in the judgment of the Governor the Federal intermediate credit bank of the district has resources available to do so, the Governor may require such bank to invest in an equivalent amount of class A or class C stock of said association and the association then shall pay the proceeds thereof into such revolving fund in retirement of the class C stock held by the Governor."

Sec. 3. Section 43 of the Farm Credit Act of 1933 (12 U.S.C. 1134e) is amended by adding the following two paragraphs at the end thereof:

"As to any class A stock of any such bank held by the Governor of the Farm Credit Administration on behalf of the United States at enactment of this paragraph, he may accept in payment for such stock, such amount not in excess of par as in his judgment and with the concurrence of the Secretary of the Treasury represents a fair value of such stock, or such retirement may be effected upon delivery to the Governor of an amount of United States Government bonds the market value of which on the date of transaction represents the fair value of the class A shares as determined by the Governor with the concurrence of the Secretary of the Treasury.

"After all class A stock held by the Governor of the Farm Credit Administration on behalf of the United States has been retired from all of the banks for cooperatives, and full private ownership has thus been achieved, short-term Federal investments in such class A stock to help one or several of the banks to meet emergency credit needs shall not be deemed to change this ownership status: *Provided, however,* That this sentence shall not alter the application of the Government Corporation Control Act, as amended (31 U.S.C. 841-870), and section 36(a)(3) of the Farm Credit Act of 1933, as amended (12 U.S.C. 11341(a)(3)) (relating to payment of a franchise tax to the United States if the bank has outstanding capital stock held by the United States)."

Mr. WAMPLER. Mr. Speaker, I rise in support of H.R. 19418. This bill was reported to the House unanimously, and it is a sound piece of legislation which is needed if farmers are to have continued access to adequate credit in the years ahead.

While all lenders have played important roles in supplying farmers' rapidly increasing needs for credit in recent decades, the cooperative Farm Credit System has continued to fill its role of pace-maker in agricultural lending by adapting its loan terms and service to the rapidly changing needs of farmers and their farm supply and marketing cooperatives.

Increasing use farmers and their cooperatives have made of the system over the past 15 years is evidence of this. Farmers' use of the system has steadily increased. Their outstanding loans have grown from \$2.5 billion in 1955 to nearly \$12 billion in 1968. The proportion of the total credit which all farmers and cooperatives use that is supplied by the cooperative farm credit system has grown from an estimated 13 percent 15 years ago to 21 percent now.

Even more important, despite the rapid decline in the total number of

farmers and cooperatives, the number served by the system has increased considerably. The number of farmers using the Federal land banks is up 25 percent. The number using production credit associations is up 40 percent. And the number of cooperatives using the banks for cooperatives has increased 50 percent.

The cooperative farm credit system has kept funds flowing from city investors to our farm communities. Without this flow of money, even more farmers would have been forced to abandon farming as a way of life.

In the past 15 years, farmers' investments in the farm credit system have also risen rapidly—from \$180 to \$872 million. All but three of the 450 production credit associations and four of the 12 district banks for cooperatives are now completely farmer-owned. The Federal land banks have been farmer-owned since 1947. The Government investment in capital in parts of the system has declined from \$280 million in 1953 to \$148 million in 1968.

The farm credit system and the Committee on Agriculture have both been working to have all the Government capital stock remaining in the farm credit system retired in the near future. When that happens, farmers will have reached one of their long-term objectives—a completely farmer-owned farm credit system.

And that is precisely what this bill does by accelerating the return of the remaining capital in the Federal intermediate credit banks and the banks for cooperatives.

Mr. POAGE. Mr. Speaker, the bill, H.R. 19418, and its companion bill, S. 3986, are among the most unusual bills which will be presented to the Congress this session in that they cost the Government nothing, involve no new expenditures, set up no new Government programs, add no employees to the public payroll, increase no salaries. In short, they do not contribute to the inflation of our currency nor do they add to our budgetary deficit. On the contrary, they do exactly the opposite. They reduce the involvement of the Government and will return a substantial amount of money to the Public Treasury.

To understand this legislation, one must understand the philosophy and the mechanics of the Farm Credit Administration. The various farm credit institutions are not Government-owned institutions. Certain of the banks do have some Government money invested in their capital structure and it is for this reason only that they were recently brought into the Federal budget for bookkeeping purposes. The 12 Federal intermediate credit banks obtain funds—in addition to their capital and surplus—from the sale of their consolidated debentures in the public securities market. These debentures are not obligations of the United States nor are they guaranteed by the United States. When these banks were established in 1923, the Federal Government did advance the capital necessary to start them in operation. Over the years the production credit associations—the local lending agencies—have gradually purchased the stock

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me answer the gentleman. I know what the question is. There is a complete difference between the commissioners and the magistrates.

The commissioners, as you know, excepting those on Indian reservations and in certain areas of that nature where they have jurisdiction to dispose of petty cases, are really committing magistrates. All they do in the first instance is to hear the *prima facie* case made by the prosecution and then they hold for the grand jury.

Mr. TENZER. The first appearance of a citizen before a judicial officer ought to be before a well-established judicial officer.

Mr. CAHILL. Then, in my opinion, they ought to be appointed by the President of the United States. They ought to be appointed for life. They ought not be appointed by the Federal judiciary, and the jurisdiction should be limited.

Mr. HUNT. Mr. Speaker, will the gentleman yield?

Mr. CAHILL. I yield to the gentleman from New Jersey.

Mr. HUNT. Mr. Speaker, I take this opportunity to command my colleague from New Jersey for his very forthright explanation of this bill. I want to tell you that there are many Members in the House who will agree with you in regards to the constitutionality of the question. We think that insofar as you are concerned, you are doing a magnificent job of exposing the pitfall of orienting Federal judgeships to a political realm. This is no time in which politics should be injected into judgeships. I want to assure the gentleman and my colleague that we will support you on this very important measure.

Mr. CAHILL. I thank the gentleman.

Mr. DELANEY. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HANNA].

(Mr. HANNA asked and was given permission to revise and extend his remarks.)

Mr. HANNA. Mr. Speaker, I was prepared to listen to political poppycock predicated upon the partisanship of the brethren, which is understandable at this time in this particular year. But I certainly am not going to be satisfied with listening to pontifical statements which have no basis in fact, and which are carrying the cloak of giving us some kind of positive input when it is clearly a matter of partisanship poppycock, because it would seem to me it is eminently clear that the business of politics in judgeships is a matter of fact, and it is practiced in the State courts. It is practiced in the Federal court. And if you want to make an indictment of the total judicial system and the way we appoint judges, then stand up here and make that indictment across the board. Do not pick on this bill. It seems to me if you are asking a question about constitutionality, if I am not mistaken, Mr. Speaker, the bill itself provides that we shall not give any powers which are not set forth in or which are against the Constitution. Is that not in the bill?

Mr. ROGERS of Colorado. That is correct. If the gentleman will yield—

Mr. HANNA. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. I would like to quote from testimony that was given to the committee:

The House Republican Task Force on Crime Monday asked for speedy passage of the Federal Magistrates Act endorsed by the Judicial Conference of the United States and introduced with bipartisan sponsorship, called it a bill that would unclog the backlog of criminal cases.

Mr. HANNA. I thank the gentleman.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. HANNA. I yield to the gentleman from New York.

Mr. CELLER. I am glad the gentleman castigated the implication of politics being in this bill. I would like to draw his attention and the attention of the Members of the House to language which clearly indicates that the appointment of these magistrates would be without any political significance whatsoever. Let me read from page 38 of the bill:

The Judicial Conference—

The Judicial Conference, as you know, is presided over by the Chief Justice of the U.S. Supreme Court, and its membership consists of the chief judges of the courts of appeals throughout the Nation. Continuing to read—

The conference shall determine, in the light of the recommendations of the Director, the district courts, and the councils, the number of full-time United States magistrates and part-time United States magistrates, the locations at which they shall serve, and their respective salaries.

Would you say there is politics in that kind of selection?

Mr. HANNA. I think the gentleman has made it eminently clear that there is not. And let me say that the only good sense that I have heard from this well in the last few minutes, was the statement that if this bill is passed it will hasten justice and serve the courts more swiftly, and would be one of the positive things we could do about law and order.

Those of us with experience before the courts know that the swiftness of the law is an important ingredient in the effective administration of the law.

As to the shift in the qualifications required to serve the Federal court system at the lower level, the shift in the manner of compensation; and the shift toward broader responsibility in the lower level of Federal court let me point out that the State of California made precisely the same moves in doing away with the old fashioned justice of the peace and his antiquated fee system over 5 years ago.

If we are for law and order, we are for this bill, because it is one of the very few bills that strikes right at the heart of law and order, so if the gentleman is for law and order, let him be for this bill.

I commend those members of the Judiciary Committee from both sides of the aisle who are responsible for bringing this legislation to the floor of the House. They are serving the problem of law and order, not belaboring the problem solely in political speeches.

Mr. ANDERSON of Illinois. Mr.

Speaker, I yield the gentleman from New Jersey 1 minute.

Mr. CAHILL. Mr. Speaker, I would like to respond to the remarks of the gentleman from California, and I want to say two things. I say this with all the seriousness I have, that on the other side of the Capitol we are seeing what the Founding Fathers meant when they said that the appointment to the Federal judiciary would be by the President of the United States with the advice and consent of the Senate. We are here delegating that authority to a sitting Federal judge.

I would just respond, concerning my friend's allegations of partisan politics. I have no desire to inject partisan or any politics. I oppose this legislation on constitutional, economic and legal grounds and no one until this moment has ever suggested the intrusion of partisan politics. I am sorry the gentleman has injected that subject.

Mr. DELANEY. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. MACHEN].

(Mr. MACHEN asked and was given permission to revise and extend his remarks.)

Mr. MACHEN. Mr. Speaker, while I was listening to this debate on the rule, it seemed to me typical of what has happened in so many years when we have been trying to pull up our judicial system and bring it out of the 18th century. For years, we have been trying to get rid of fee systems in the courts on the State level. For years we have been trying to eliminate that and to upgrade our magistrates' system throughout the United States on a State level. Now, finally, we are trying to drag the Federal system up into the 20th century and we are talking about costs and not the real need "a modern magistrate system for the Federal court system."

Those Members who are lawyers—as I am—must realize that 75 percent of the people who deal with the courts deal with the courts on the magistrates' level. That is true with the commissioner system, whether they are being tried on a motor vehicle case or not. They are probably sitting in a room, a law office in many instances, to be tried.

We have safeguards here. It is modeled after the system we have in our county and in our State, where people have a right to be tried if they want to contest it and they waive the right to a jury trial.

I say let us try to get this updated by getting a full-time magistrate system. As the gentleman from California said, this is part of our problem with law and order, this delay in processing our cases, criminal and civil, so let us not put a dollar cost on this one constructive move to drag our courts up into the 20th century in order to help meet the problem of law and order, so people can be expeditiously tried.

We know of the backlog in many of our areas and in the District of Columbia, let's hope the enactment of this bill help ease this, and lastly, I would much rather see a man trained in law handling these matters on a full-time basis, rather

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than on a part-time basis. I hope the rule is adopted.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. WIGGINS].

Mr. WIGGINS. Mr. Speaker, I thank the gentleman for yielding. Mr. Speaker, it is not my intention during my 2 minutes to speak on the merits of this legislation. I do intend to dispel the feeling that may have been developed in the last few minutes that there is a partisan Republican effort to beat the rule. That is not true. As one Republican, I support the rule and the legislation. A great many others do also.

I might say for the edification of my friends, particularly on this side of the aisle, that every Republican member of the subcommittee who heard all of the testimony, who heard all of the arguments relative to the constitutionality of the bill, who heard all of the facts relative to the need for this bill, supported this legislation unanimously. This is a bipartisan effort—which admittedly is imperfect, but I assure my friends it is much better than the present commissioner system.

I urge all Members to support the rule and to support the legislation.

Mr. CAHILL. Mr. Speaker, will the gentleman yield?

Mr. WIGGINS. I am happy to yield to the gentleman from New Jersey.

Mr. CAHILL. I believe the gentleman understands that those of us who oppose this legislation do not oppose an improvement in the existing commissioner system, and that all of us agree the fee system should be eliminated. Does not the gentleman agree this could be done very simply; that the judges could require appointments to be made of those with legal background and that the fee system could be eliminated and a salary substituted for the commissioner, who could still perform the same assignments as are performed today?

Mr. WIGGINS. I would agree there are many ways to accomplish the desirable purposes in this bill. The techniques employed in this bill, which was approved unanimously on the Senate side and unanimously in the subcommittee, is entirely appropriate. There may be other appropriate ways, but the way adopted here is also appropriate. I really find no quarrel with it.

Mr. CAHILL. Does the gentleman believe we should pass a bill when we do not know what the cost will be? Does the gentleman believe we should substitute the constitutional authority of the President to appoint Federal judges by giving this authority to the district court judges?

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. POFF].

Mr. POFF. Mr. Speaker, I had not intended to speak on the rule, and I am sorry I have found it necessary to do so. I do so only to underscore what my colleague from California has just said; namely, this is indeed a bipartisan bill and no one should be left with the im-

pression that it has been given less than thorough consideration.

I sat, as did my colleagues on the subcommittee, through the most intensive hearings we could conduct. We explored every facet of the practical aspects of the question, and we are prepared to debate the constitutional question which the gentleman from New Jersey has raised.

I make this appeal to the Members of this body in my party. Let us not be responsible for killing the first opportunity the Congress has had to make a meaningful reform in the procedures of Federal justice. Let us not be captivated by any talk about politics in the execution of this program.

If Members care to turn their attention to the constitutional question, I believe that is entirely appropriate; indeed, it is our responsibility. But I suggest that it is less than worthy to try to impute a political motive to the party in power when this plan was conceived and put together by those who will implement it, by those who are bipartisan, the members of the courts, through the Judicial Conference of the United States.

Let us be plain about this, and let us not do a thing we may regret deeply tomorrow.

Mr. DELANEY. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 17682, CIVIL SERVICE RETIREMENT FINANCING

Mr. MATSUNAGA. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1241 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1241

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17682) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Hawaii [Mr. MATSUNAGA] is recognized for 1 hour.

Mr. MATSUNAGA. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska [Mr. MARTIN], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1241 provides an open rule, waiving points of order, with 1 hour of general debate for consideration of H.R. 17682, to amend the United States Code relating to civil service retirement, and for other purposes.

A rule waiving all points of order against the bill was granted because parts of the bill are believed to be subject to the "Restriction of power to report appropriations" contained in clause 4 of rule XXI of the Rules of the House.

On page 6 of H.R. 17682, beginning with line 4, paragraph (a)(2) of the amendment made by section 103(1), makes the civil service retirement and disability fund available for expenses incurred by the Civil Service Commission in the administration of the civil service retirement system and any other annuity statute administered by the Commission.

On page 7, beginning with line 3, the new subsection (g) of section 8348 of title 5, United States Code, as added by the amendment made by section 103(2) of the bill, requires the Secretary of the Treasury to credit the civil service retirement and disability fund each year, as a Government contribution, an amount of money equivalent to a specified percentage of the amount of the interest on the unfunded liability of the fund.

On page 7, beginning with line 19, the new subsection (h) of such section 8348 (as added by the amendment made by section 103(2)), authorizes payment from the civil service retirement and disability fund of certain prospective annuity increases during the remainder of the fiscal year in which such increases become effective and 1 full fiscal year thereafter. No such increase will be paid after the end of such full fiscal year unless an appropriation shall have been made by the Congress to cover the cost.

There also may be some question with respect to the proposed new subsections (i) and (j), beginning with line 9 on page 8. The new subsection (i) will require the Secretary of Defense to pay into the civil service retirement and disability fund each year an amount equal to the annuity value of military service credited for civilian retirement purposes. The new subsection (j) will require each department and agency to pay into the fund an amount equal to one-fourth of regular salary for unused sick leave which is made creditable for annuity calculation purposes by this bill.

Retirement system financing has been a problem of continuing concern to the Congress, to its respective committees, and to officials of the executive branch. The history of actuarial reports has indicated successively for a long time past an increasingly pessimistic view with respect to actuarial costs and liabilities under the escalating benefits and other liberalizations in the specifics of the civil service retirement program.

The major purpose of H.R. 17682 is to improve the financing and funding practices of the civil service retirement system, so as to maintain confidence in the soundness of the retirement fund and to assure that the necessary money is available when needed to pay the annui-

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ties of Government's retirees and survivor
annuitants in full and on time.

It is also the purpose of this legislation
to provide certain limited but needed,
improvements in the benefits structure of
the system within the limits of the
new financing approach.

Mr. Speaker, I urge the adoption of
House Resolution 1241 in order that H.R.
17682 may be considered.

Mr. GROSS. Mr. Speaker, will the
gentleman yield?

Mr. MATSUNAGA. I yield to the gentle-
man from Iowa.

Mr. GROSS. In the hearing—and I
assume there was a hearing—in connec-
tion with the request for a rule, what
reason was given for taking away what
amounts to the power of the House to
authorize the Committee on Appropriations
to appropriate?

Mr. MATSUNAGA. A rule was granted
waiving all points of order for the reason
that on page 6 of H.R. 17682, beginning
with line 4, paragraph (a)(2), the
amendment made by section 103(1) makes
the civil service retirement and
disability fund available for expenses
incurred by the Civil Service Commis-
sion in the administration of the civil
service retirement system and any other
annuity statutes administered by the
Commission, and also on page 7. There
are four points in total which would bring
up the question of appropriations. It is
for this reason that the Committee on
Rules granted a waiver of all points of
order.

Mr. GROSS. That is scarcely a reason.
I am asking you why this bill would be-
stow this kind of authority.

Mr. MATSUNAGA. I will yield to the
chairman of the subcommittee which re-
ported this bill out, the gentleman from
New Jersey [Mr. DANIELS].

Mr. DANIELS. I shall be pleased to
answer the gentleman from Iowa.

I might say to the gentleman that for
the past couple of years the Committee
on Appropriations has been pointing its
finger at the responsible legislative com-
mittees of the Congress for not having
taken action in this field.

Mr. GROSS. Yes; I understand that.
But why should there be language estab-
lishing a direct appropriation in this
bill?

Mr. MATSUNAGA. Actually, there is
no language contained in the bill which
provides for a direct appropriation. It
merely raises a question which may be
subject to a point of order. It is for that
reason that we have granted a waiver of
all points of order.

Mr. GROSS. If the gentleman will
yield further, in response to him I would
refer the gentleman to page 12 of the
report wherein it says that it provides
for direct appropriations through permanent,
indefinite authority, and so on and so forth.

Mr. DANIELS. Mr. Speaker, will the
gentleman yield?

Mr. GROSS. That is what this lan-
guage is designed to get at, in part; is
that not correct?

Mr. DANIELS. Mr. Speaker, will the
gentleman yield?

Mr. MATSUNAGA. I yield to the
gentleman from New Jersey.

Mr. DANIELS. That is right. The Con-
gress of the United States has failed to
appropriate the sums of money which it
should have appropriated over the past
several years and this particular provi-
sion to which the gentleman from Iowa
has referred requires the Congress to
appropriate the necessary amounts of
money which it should have done but
which we have neglected to do.

Mr. GROSS. Mr. Speaker, if the gentle-
man from Hawaii will yield further, I
am not quarreling with the merits of the
bill. What I am trying to do is to ascer-
tain the reasons for this kind of rule on
this bill.

Mr. DANIELS. If the gentleman from
Hawaii will yield further, the reason is
that we are trying to establish a sound,
good fiscal program.

Mr. GROSS. In other words, trying to
direct the Appropriations Committee to
do what it has not done in the past, I
assume?

Mr. DANIELS. That is correct.

Mr. MARTIN. Mr. Speaker, I yield my-
self such time as I may consume.

(Mr. MARTIN asked and was given per-
mission to revise and extend his re-
marks.)

Mr. MARTIN. Mr. Speaker, House
Resolution 1241, as the gentleman from
Hawaii has explained, provides for 1 hour
of general debate on H.R. 17682, a bill to
provide for civil service retirement
financing, and it waives points of order
on the bill.

Mr. Speaker, I would like to call to the
attention of the House the fact that this
is a complete exercise in futility. The
other body has not even considered this
legislation in committee. I am told that
they do not intend to hold hearings on
the legislation before the close of the
90th Congress. And, as a consequence, it
appears quite certain that no action will
be taken by the other body.

Second, Mr. Speaker, this is an un-
sound bill, contrary to the statement of
the gentleman from New Jersey [Mr.
DANIELS] of a few moments ago.

I want to call your attention to the
fact that this fund will reach a level,
according to the report, of a \$55 billion
deficit at the end of fiscal year 1968,
which has already passed. It proposes to
increase the amount of deduction from
the civil service employee's salary from
6½ to 7 percent and an increase of a
like contribution from the Government
in the same amount.

In addition to this, it proposes to in-
crease the deduction from Members of
Congress—let us understand this, from
Members of Congress—from 7½ to 8 per-
cent. This is also included in the bill.

Furthermore, and to prove it is an un-
sound bill, it further liberalizes retire-
ment payments to civil service retired
employees. So it is a bill which proposes
an increase in the amount of funds com-
ing into the retirement fund but at the
same time increasing the payout. In
other words, under the provisions of this
bill we are going to have exactly the
same kind of fiscal problem that we have
at the present time in the civil service
retirement fund.

Mr. Speaker, let me quote another fea-
ture of this bill which is one that we

were warned against by the Kaplan com-
mittee report in 1954.

It sets up direct payments from the
Treasury of the United States into this
fund because there is not enough money
in it to take care of future obligations.

The Kaplan committee in 1954 in its
report recommended very strongly that
we should not get into this phase of
financing on retirement benefits.

On page 13 of the committee report—
and these are only estimates—this legis-
lation provides that, over a 30-year pe-
riod, there should be an amortization of
newly created, unfunded liability. Ac-
cording to this table—and this again is
only an estimate, Mr. Speaker—it pro-
vides for the next 30 years \$105 million
a year to be transferred from the Treas-
ury of the United States into the fund.

Now, if we have further increases in
pay for civil service employees, that
means that this amount will be increased
over a 30-year period, comparable to the
amount of the increase in the total pay-
roll. For instance, if you have a total
payroll increase of all civil employees of
\$1 billion, that will have to be amortized
over a 30-year period, and this amount
will increase.

Then it also provides—this is what the
gentleman from Iowa is talking about on
waiving points of order—that the Treas-
ury of the United States shall transfer to
this fund, beginning in fiscal year 1971,
funds equal to 10 percent to take care
of the interest that they estimate should
go into the retirement fund, and in 1971
20 percent, and in fiscal year 1972 and
thereafter, increasing by 10 percent each
year. According to table B, this would
start, in 1970, in the transfer from the
Treasury of \$202 million, \$417 million for
1971, and so on, amounting to \$2.363 bil-
lion by the year 2000.

In addition to this, if you will turn to
page 30 of the report you will find that
there is reprinted a letter from John
Macy, Chairman of the Civil Service
Commission, written on June 12, 1968,
in regard to H.R. 17682. Let me read a
portion of his letter. In the first part of
his letter he approves part of the legis-
lation because it was what they had rec-
ommended to the committee in their
testimony, but then he goes on in the
middle of page 31:

However, title I also includes provisions
which would require—

(1) that payment on each annuity increase,
whether authorized by new legislation or
resulting from changes in the Consumer
Price Index, be contingent on direct appro-
priations after the first full fiscal year.

(2) that the Secretary of Defense pay into
the fund each year an amount equal to
annuity disbursements attributable to mili-
tary service, and

(3) that an employing agency pay into the
fund an amount equal to 25 percent of the
value of unused sick leave to the credit of
an employee who retires on immediate an-
nuity or who dies and leaves survivors who
are entitled to annuity.

He goes on to say:

Title II of H.R. 17682 departs from the
objective of improved financing by proposing
a series of benefit liberalizations for which
there is no urgent need. These liberalizations
are:

1. Gross earnings would be the basis for
determining retirement benefits, rather than
basic pay as at present.

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2. The period for determining average salary for annuity computation purposes would be changed from 5 years to 3 years.

3. Unused sick leave would be added to the actual length of service for computing the annuity of an employee retiring or the annuity of the survivors of an employee dying in service.

4. An extra 1 percent would be added to each annuity increase resulting from changes in the Consumer Price Index.

5. The July 18, 1966, amendments which continue annuity when a surviving spouse remarries after reaching age 60, and restore annuity upon termination of a remarriage which occurred before age 60, would be made applicable to all cases in which remarriage occurs after July 17, 1966. ***

These provisions liberalize existing benefit levels.

He goes on to estimate that such liberalization would create \$3.3 billion in additional unfunded liability.

That is in a letter to the chairman of the committee from John W. Macy, Chairman of the Civil Service Commission.

Let me read to you a letter from the Assistant Director for Legislative Reference:

EXECUTIVE OFFICE OF THE PRESIDENT, BUREAU OF THE BUDGET, Washington, D.C., June 13, 1968.
Hon. THADDEUS J. DULSKI,
Chairman, Committee on Post Office and Civil Service, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of June 10, 1968, for the views of the Bureau of the Budget on H.R. 17682, a bill to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The Bureau of the Budget concurs in the comments of the Civil Service Commission on this bill. ***

Those were comments that I just read to you—

Accordingly, the Bureau of the Budget recommends against favorable consideration of H.R. 17682. Enactment of the bill, in its present form, would not be consistent with the administration's objectives.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

I believe I neglected to mention that Mr. Macy in his letter also recommended against enactment of this legislation in its present form.

Mr. Speaker, I oppose this legislation. It is unsound legislation. It will increase greatly the expense of operation of the Federal Government.

The retirement system is a fine system, but it should stand on its own feet. If the 7 percent for employees and 7 percent for the Government, paid into this fund, is not sufficient to make it sound and equitable, then those figures should be increased.

I am completely opposed to this legislation at this time.

The SPEAKER pro tempore. The gentleman from Nebraska has consumed 11 minutes.

Mr. MARTIN. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. PELLY].

PERU SEIZES ANOTHER AMERICAN FISHING VESSEL

(Mr. PELLY asked and was given permission to speak out of order.)

Mr. PELLY. Mr. Speaker, I have been informed this afternoon that Peru has seized another American fishing vessel in international waters. This is the third American boat to be kidnaped by Peru this year.

Three armed guards are reported to have boarded the San Diego-based fishing vessel and forced her into the Peruvian port of Tulara from a point 31 miles offshore.

Mr. Speaker, on July 31, the House passed and the President has signed the Fishermen's Protective Act, so any fine imposed by Peru in this latest provocation is legally to be deducted from any funds programmed for that country under the Foreign Assistance Act.

Additionally, Tuesday of just last week, the House passed my amendment to the Foreign Military Sales Act which provides that any nation seizing an American vessel—as Peru has done this day—would not qualify under H.R. 15681 to receive reimbursable military equipment.

In light of the continuing harassment and piracy inflicted upon Americans pursuing their livelihood on the high seas by these Latin American countries, I strongly urge the Senate-House conferees to take swift action on this measure to reemphasize congressional determination that these criminal acts against Americans must halt.

Mr. MATSUNAGA. Mr. Speaker, I yield my self such time as I may consume.

Mr. Speaker, in reply to the gentleman from Nebraska who made the statement that action upon this rule and on the bill would be an exercise in futility because the other body will not act upon this bill anyhow, that is certainly a flimsy excuse for not taking action here.

If we were to depend on what the other body will do in adjusting our actions here, certainly we would be eroding away the very basis of having two independent bodies in this Congress.

Certainly, it was with great wisdom that our founders of this Nation created two independent bodies. Whether the other body will act or not is not a criterion upon which we should base our action here.

Mr. Speaker, this is a good bill. This is a bill that has long been sought by people who are concerned about the retirement system.

We are now acting upon the rule itself. If there are any amendments to be offered—it is an open rule, so amendments may be offered during the consideration of the bill under the 5-minute rule following the general debate.

So I urge upon this body to adopt the rule for the consideration of the bill itself.

Mr. MARTIN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Speaker, I am concerned about this bill. As indicated, under the waiver of points of order against the bill, as one studies it, it becomes more and more clear why H.R. 17682 would have to have all of these points of order waived. I am even more concerned, Mr.

Speaker, that there are so few Members on the floor to hear the debate on the rule and the reasons properly given by the Committee on Rules for the waiver under its new criteria.

When one learns what is going to happen under this bill, if it does pass as made in order by this rule, he finds that there are demands made upon the funds made available for the Secretary of Defense, and finds that there is a change in the basic concept of the use and/or payment in lieu thereof for sick leave, which means by definition just exactly what it says. One at least becomes more concerned because there obviously are other meetings going on or committees sitting. To my knowledge, there is not a single member of the Committee on Appropriations on the floor hearing this debate. When their prerogatives are trampled upon, sometimes everything up to and just short of an atomic nuclear explosion can occur, as for example, on a buy-America amendment to a defense procurement bill and appropriation last week. But still there is not one of them here today to see their jurisdiction, their area of oversight and surveillance, transgressed by waiving points of order, and by a legislative committee making in order direct appropriations and directing said appropriations to certain funds. These birds habitually come home to roost. This does not have anything to do with being against civil service financing retirement or refinancing the fund. But I think it is a shame, and I intend to see that the Members are on the floor before this rule is adopted. I only decry the fact that the Members have not heard the debate as their prerogatives and, indeed, their responsibilities are taken over in this manner.

Mr. MARTIN. Mr. Speaker, in brief reply to the gentleman from Hawaii, I believe he would concede that the 90th Congress is in its closing weeks, and in view of the fact that the other body has not even held any hearings on this legislation, it appears very, very improbable that any action will be taken in the other body. I think all reasonable men would assume that.

Mr. MATSUNAGA. Mr. Speaker, does the gentleman have any further requests for time?

Mr. MARTIN. I have no further requests for time.

Mr. MATSUNAGA. Having no further requests for time, Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. ALBERT). The question is on the resolution.

The question was taken.

Mr. MARTIN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 290, nays 67, not voting 74, as follows:

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[Roll No. 342]

YEAS—290

Abbitt Fulton, Pa. O'Neal, Ga.
 Abernethy Fulton, Tenn. O'Neill, Mass.
 Adams Gallifianakis Ottinger
 Addabbo Gallagher Passman
 Albert Garmatz Patman
 Anderson, Ill. Gathings Patten
 Anderson, Tenn. Gialmo Pepper
 Andrews, Ala. Gibbons Perkins
 Andrews, N. Dak. Gonzalez Pickle
 Aspinwall Goodling Pike
 Ashley Gray Pirnie
 Ayres Green, Oreg. Podell
 Bates Griffin Price, Ill.
 Bennett Grover Price, Tex.
 Bevill Gubser Puclinski
 Biester Gude Quie
 Bingham Hagan Randall
 Blanton Halpern Reid, N.Y.
 Blatnik Hamilton Reinecke
 Boggs Hammer Reuss
 Bolling Schmidt Rhodes, Pa.
 Bolton Hanley Riegle
 Brademas Hanna Roberts
 Brasco Hardy Robison
 Bray Harsha Rodino
 Brinkley Harvey Rogers, Colo.
 Brooks Hathaway Rogers, Fla.
 Brotzman Hechler, W. Va. Ronan
 Brown, Mich. Heckler, Mass. Rooney, N.Y.
 Brown, Ohio Henderson Rooney, Pa.
 Broyhill, N.C. Hicks Rosenthal
 Broyhill, Va. Horton Rostenkowski
 Buchanan Howard Roth
 Burke, Fla. Hungate Roush
 Burke, Mass. Irwin Roybal
 Burton, Calif. Jacobs Ruppe
 Bush Jarman Ryan
 Byrne, Pa. Joelson St Germain
 Byrnes, Wis. Johnson, Calif. St. Onge
 Cabel Johnson, Pa. Sandman
 Cahill Jones, Ala. Satterfield
 Carey Jones, Mo. Saylor
 Carter Jones, N.C. Scherle
 Cederberg Karth Scheuer
 Cellar Kastenmeier Scott
 Clark Kazen Selden
 Clausen, Kee Shipley
 Don H. Keith Shriver
 Cleveland Kelly Skubitz
 Cohean Kirwan Slack
 Collier Kleppe Smith, Iowa
 Conable Kluczynski Springer
 Corbett Kornegay Stafford
 Cowger Kyl Staggers
 Cramer Kyros Steed
 Cunningham Laird Steiger, Wis.
 Curtis Lennon Stratton
 Daddario Long, La. Stubblefield
 Daniels Long, Md. Stuckey
 Davis, Ga. McCarthy Sullivan
 de la Garza McCloskey Taft
 Delaney McDade Talcott
 Dent McDonald Taylor
 Derwinski Mich. Teague, Calif.
 Dickinson McFall Thompson, Ga.
 Diggs Macdonald, Thompson, N.J.
 Dingell Mass. Tiernan
 Dole MacGregor Udall
 Dorn Machen Van Deerlin
 Dow Madden Vander Jagt
 Downing Mallard Vigorito
 Dulski Marsh Waggonner
 Dwyer Mathias, Calif. Walde
 Eckhardt Mathias, Md. Walker
 Edmondson Matsunaga Wampler
 Edwards, Ala. Meeds Watson
 Edwards, Calif. Miller, Ohio Whalen
 Ellberg Mills Whaley
 Erlenborn Minish White
 Esch Mink Whitener
 Eshleman Mize Whitten
 Evans, Colo. Monagan Widnall
 Everett Moore Wiggins
 Fallon Morgan Williams, Pa.
 Farbstein Morris, N. Mex. Willis
 Fascell Mosher Wilson, Bob
 Feighan Murphy, Ill. Winn
 Findley Murphy, N.Y. Wolf
 Fino Myers Wright
 Flood Natcher Wyatt
 Ford, Nedzi Wydler
 William D. Nelsen Wyman
 Fountain Nichols Yates
 Fraser Nix Young
 Frelenghuysen O'Hara, Ill. Zablocki
 Friedel O'Hara, Mich. Zwach

NAYS—67

Adair Arends Gross Haleý Pelly
 Baring Battin Halleck Harrison Reid, Ill.
 Belcher Berry Hull Rumsfeld
 Bow Betts Hunt Schadeberg
 Brock Burleson Hutchinson Schneebeli
 Ichord Jonas Smith, Calif.
 Button King, N.Y. Smith, N.Y.
 Casey Langen Snyder
 Chamberlain Latta Steiger, Ariz.
 Collins Lipscomb Teague, Tex.
 Davis, Wis. Lukens Thomson, Wis.
 Dellenback McEwen Tuck
 Denney McMillan Tunney
 Devine Mahon Utt
 Duncan May Watkins
 Flynt May Wayne Zion
 Foley Michel

NOT VOTING—74

Annunzio Gurney Moss
 Ashbrook Hansen, Idaho O'Konski
 Ashmore Hansen, Wash. Olsen
 Barrett Hawkins Philbin
 Bell Hays Pollock
 Blackburn Hébert Pryor
 Boland Helstoski Railsback
 Broomfield Herlong Rarick
 Brown, Calif. Holifield Rees
 Burton, Utah Hosmer Reifel
 Clancy Karsten Resnick
 Clawson, Del King, Calif. Rhodes, Ariz.
 Conte Kupferman Rivers
 Conyers Kuykendall Roudabush
 Corman Landrum Schweikert
 Culver Leggett Silkes
 Dawson Lloyd Sisk
 Donohue McClure Smith, Okla.
 Edwards, La. McCulloch Stanton
 Evins, Tenn. Meskill Stephens
 Fisher Miller, Calif. Ullman
 Fuqua Minshall Vanek
 Gardner Moorhead Watts
 Gettys Morse, Mass. Wilson
 Griffiths Morton Charles H.

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Annunzio with Mr. McCulloch.
 Mr. Philbin with Mr. Broomfield.
 Mr. Donohue with Mr. Conte.
 Mr. Boland with Mr. Morse of Massachusetts.
 Mr. Leggett with Mr. Ashbrook.
 Mr. Evans of Tennessee with Mr. Morton.
 Mr. Barrett with Mr. Del Clawson.
 Mr. Moorhead with Mr. Meskill.
 Mr. Miller of California with Mr. Hosmer.
 Mr. Culver with Mr. Bell.
 Mr. Rivers with Mr. Rhodes of Arizona.
 Mr. Sikes with Mr. Clancy.
 Mr. Ashmore with Mr. Kuykendall.
 Mr. Gettys with Mr. Lloyd.
 Mr. Watts with Mr. Blackburn.
 Mr. Fuqua with Mr. McClure.
 Mr. Hébert with Mr. Burton of Utah.
 Mr. Holifield with Mr. Kupferman.
 Mr. Pryor with Mr. Minshall.
 Mr. Fisher with Mr. Pollock.
 Mr. Landrum with Mr. Roudabush.
 Mrs. Griffiths with Mr. Reifel.
 Mr. Rarick with Mr. Smith of Oklahoma.
 Mr. Stephens with Mr. O'Konski.
 Mr. Hays with Mr. Stanton.
 Mr. Vanek with Mr. Schweikert.
 Mrs. Hansen of Washington with Mr. Railsback.
 Mr. Charles H. Wilson with Mr. Herlong.
 Mr. Edwards of Louisiana with Mr. Hansen of Idaho.
 Mr. Corman with Mr. Gardner.
 Mr. Ullman with Mr. Moss.
 Mr. Helstoski with Mr. Conyers.
 Mr. Resnick with Mr. Hawkins.
 Mr. Rees with Mr. Dawson.
 Mr. Olsen with Mr. King of California.
 Mr. Brown of California with Mr. Karsten.
 Mr. Sisk with Mr. Gurney.

Mr. LUKENS changed his vote from "yea" to "nay."

Messrs. JARMAN, HENDERSON, PETTIS, STEIGER of Wisconsin, and MIZE changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

THE FEDERAL MAGISTRATES ACT

Mr. ROGERS of Colorado. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 945) to abolish the office of U.S. commissioner, to establish in place thereof within the judicial branch of the Government the office of U.S. magistrate, and for other purposes.

The SPEAKER pro tempore (Mr. ALBERT). The question is on the motion offered by the gentleman from Colorado.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 945, with Mr. STRATTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Colorado [Mr. ROGERS] will be recognized for 30 minutes, and the gentleman from Virginia [Mr. POFF] will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Colorado [Mr. ROGERS].

Mr. ROGERS of Colorado. Mr. Chairman, one of the most important factors in shaping the attitudes of our citizens toward our laws is the personal experience that our citizens have in their own actual dealings with the judicial system. As a result, it is especially important that the lowest level of the judicial system—the level with which our citizens have the most experience—operate in a proper and efficient manner.

The proposed Federal Magistrates Act, which is before us today, embodies a sorely needed reform of the lowest level of our judicial system—the level which is currently administered by U.S. commissioners. The extensive study and hearings conducted by the Judiciary Committees of both the House and the Senate demonstrated conclusively that our present commissioner system is obsolete, works inefficiently, and is replete with inequities.

Some of the major defects in the present commissioner system are as follows:

Commissioners are currently paid on a fee basis, according to the nature and number of matters they handle. Such a system is both unwise and of questionable constitutionality. In addition, the present law imposes a ceiling of \$10,500 on fees a commissioner may earn in a given year. As a result, the most hard-working commissioners are often grossly under-

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paid since they reach their statutory ceiling during the first few months of the year. As a consequence, it is difficult to attract the best men for the job.

Due to a lack of any effective administrative apparatus, there is a great disparity from district to district on how a number of fundamental problems are handled.

In many districts commissioners grant search and arrest warrant applications in a perfunctory manner, thereby depriving both the accused and the legal system of an independent determination of the issue of probable cause.

The trial jurisdiction of commissioners is limited to petty offenses committed on Federal reservations. This has several undesirable consequences. First, it causes the U.S. district courts to be burdened with a number of minor criminal matters which lend an undesirable "police court" atmosphere to the district courts. Second, in some cases of serious misdemeanors or felonies committed on Federal enclaves, the offenses are downgraded so that they can be tried as petty offenses before the commissioners rather than before the district judge. Third, often petty offenses committed outside Federal enclaves are simply not proscribed so as to avoid having them tried before the already overburdened district courts. Obviously none of these consequences of the present commissioner system serves the ends of justice.

S. 945 would reform the present system by substituting a new system of U.S. magistrates. Under the new system magistrates would be required to be attorneys, unless a qualified attorney is not available in a particular area. They would receive compensation in the form of fixed salaries rather than individual fees. A full-time magistrate could receive a maximum salary of \$22,500, and a part-time magistrate a maximum salary of

\$11,000. A full-time magistrate would hold office for a term of 8 years, and a part-time magistrate for a term of 4 years.

Under the act the Judicial Conference of the United States would determine the number and location of the necessary magistrate's positions. The actual appointment of persons to fill these positions would be made by the majority of the judges of the district court in which the magistrates are to serve.

One of the major features of the act would give the U.S. magistrates expanded trial jurisdiction so as to include offenses that are punishable by imprisonment for not more than 1 year or a fine of not more than \$1,000. However, such trial jurisdiction could only be exercised if the defendant elects to be tried before the magistrate rather than a judge of the district court and also waives whatever right to a jury trial that he may have.

Still another feature of the act would broaden the responsibility of magistrates so as to include such duties as service as special masters, preliminary consideration of petitions for postconviction relief, and supervision of pretrial or discovery proceedings. This will contribute substantially to reduce the present burdens and crowded dockets of the district courts.

Finally, the act would also clarify existing law with regard to preliminary hearings by requiring that a hearing be held within 10 days following the initial appearance if the accused is held in custody or within 20 days if the accused has been released on bail.

During the course of the consideration of this bill before the House Committee on the Judiciary, several changes were made of substantive significance. The changes are embodied in the committee amendment and include a provision for granting a leave of absence for a magis-

trate who is called into service in the Armed Forces and for providing an interim replacement for the magistrate on leave.

A further substantive change was made which requires that all trials before magistrates to be taken down by a court reporter or recorded by suitable sound recording equipment.

Still another change was made so as to make it clear that the rulemaking powers of the U.S. Supreme Court are not being extended by the Magistrates Act.

The remaining changes embodied in the committee amendments are of a clarifying or technical nature.

Mr. Chairman, I am pleased to be able to tell you that this bill has the support of the American Bar Association, the Judicial Conference of the United States, the National Association of U.S. Commissioners, and the Department of Justice.

It is a measure which will bring about a reform that is long overdue. It has now been almost a century since Congress has made any significant changes in the commissioner system. In recent years we have made substantial improvements in other areas of our judicial machinery, but we have allowed our U.S. commissioner to labor under an arbitrary system which outlived its usefulness long ago. For many of our citizens appearance before a commissioner represents their very first contact with the judicial branch of the Federal Government. As a result, it is especially important that the system be brought into harmony with modern judicial concepts.

Mr. Chairman, this is a highly beneficial measure. I wholeheartedly recommend that all of my colleagues in the House of Representatives give it their favorable consideration.

BUDGETARY ESTIMATES RELATING TO THE FEDERAL MAGISTRATES BILL (S. 945) (EXCLUSIVE OF THE COST OF SPACE FURNITURE AND FURNISHINGS)

	1st-year cost	Recurring annual cost	1st-year cost	Recurring annual cost
Personnel compensation:				
U.S. magistrates:				
50 full-time positions (average salary \$17,500).....	\$875,000	\$875,000	Contractual clerical and secretarial services.....	\$900,000
150 part-time positions (average salary \$6,000).....	900,000	900,000	Contractual reporting services.....	500,000
200 combination positions (average additional compensation \$1,000).....	200,000	200,000	Miscellaneous' (repairs to equipment, etc.).....	35,000
Staff (full-time magistrates):			Supplies and materials.....	105,000
50 secretary-reporter positions (ungraded at \$9,979).....	499,000	499,000	Equipment, general office.....	800,000
50 clerical positions (JSP-7 at \$6,734).....	336,000	336,000	Equipment, lawbooks.....	350,000
Total compensation.....	2,810,000	2,810,000	Subtotal.....	6,330,000
Personnel benefits.....	235,000	235,000	Cost of administration (see details attached).....	5,180,000
Travel.....	350,000	350,000		260,000
Transportation of things.....	5,000	5,000	Total cost.....	5,350,000
Communications (including postage).....	170,000	170,000	Less funds available under the headings:	
Printing and reproduction.....	70,000	70,000	"Fees of jurors and Commissioners".....	-1,015,000
			"Salaries of supporting personnel".....	-60,000
			Net cost of bill.....	5,515,000
				4,275,000

BUDGETARY ESTIMATES OF THE ADMINISTRATIVE OFFICE RELATING TO THE FEDERAL MAGISTRATES BILL (S. 945)

	Number of positions	Salaries and expenses	Number of positions	Salaries and expenses
Personnel compensation:				
Bankruptcy division:				
Administrative attorney, GS-14.....	1	\$15,841	Division of business administration:	
Administrative attorney, GS-13.....	1	13,507	Space and communications officer, GS-9.....	1
Secretary, GS-6.....	1	6,137	Procurement officer, GS-7.....	1
Clerk-stenographer, GS-5.....	2	11,130	Payroll clerk, GS-6.....	1
Division of procedural studies and statistics:			Voucher examiner, GS-6.....	1
Administrative attorney, GS-11.....	1	9,657	Accounting clerk, GS-6.....	1
Statistical unit chief, GS-9.....	1	8,054	Property records clerk, GS-5.....	1
Assistant statistical unit chief, GS-7.....	1	6,734	Clerk-stenographer, GS-4.....	1
Clerical assistant, GS-5.....	1	5,565	Total permanent positions and salaries (rounded).....	20
Clerk-typist, GS-4.....	1	4,995	Payments to other agencies for reimbursable details.....	141,000
Key punch operator, GS-3.....	2	8,932	Total personnel compensation.....	150,000
Personnel division: Appointment clerk, GS-7.....	1	6,734		191,000

Footnote at end of table.